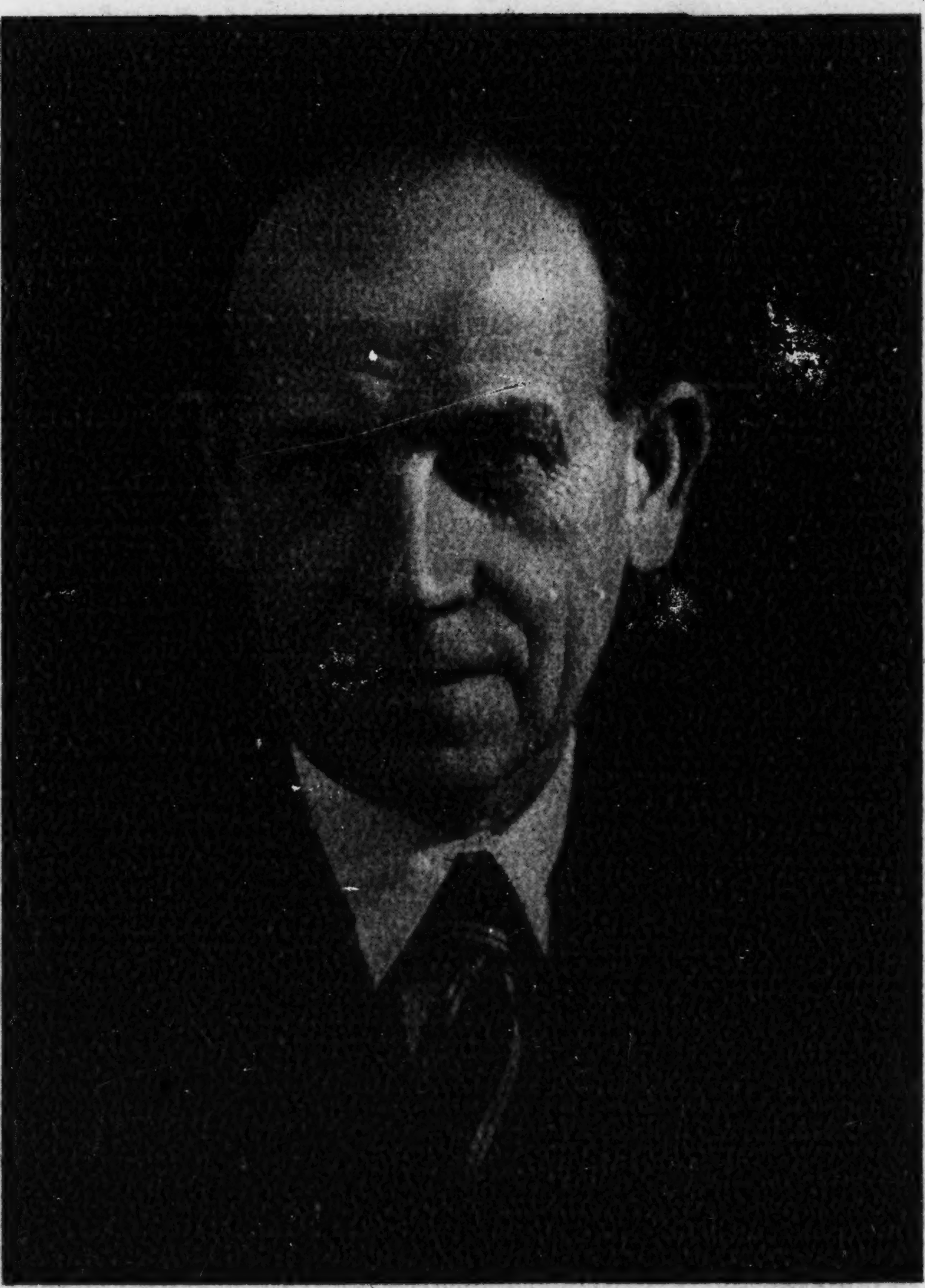

ANTONÍN ZÁPOTOCKÝ
Prime Minister

Czechoslovakia. Ministerstvo Informaci

THE FIRST
CZECHOSLOVAK ECONOMIC
FIVE-YEAR PLAN

ACT AND GOVERNMENT MEMORANDUM

CZECHOSLOVAK MINISTRY OF INFORMATION
AND PUBLIC CULTURE

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INTRODUCTION

by

THE PRIME MINISTER

Mr ANTONÍN ZÁPOTOCKÝ

Honoured National Assembly!
Ladies and Gentlemen!

On behalf of the Government of the Czechoslovak Republic, I present to you to-day the Government Bill of the First Five-Year Uniform Economic Plan of Development of the Czechoslovak Republic.

Section 1 of this Bill defines the purport of the Plan: the development and conversion of the Czechoslovak economy. Its aim: raising the standard of living of all sections of the working population. The means thereto: raising the productivity of labour. Its consequence will be: the restriction of remaining capitalist elements and their elimination from all sectors of the national economy, and the further progress of the Czechoslovak people's democracy towards socialism.

The necessity of this expansion and conversion of our economy was stressed already a year ago by my predecessor, the present President of the Republic, Mr Klement Gottwald, at a session of the Central Planning Commission on October 10, 1947, in these words: *"If we were to maintain our present unsatisfactory industrial structure, we should have to face the fact that our economy would be exposed to dangerous shocks, and that we should be unable to ensure its planned expansion, or to raise the general standard of living. The expansion and transformation of industry is hence the prime condition for raising the standard of living. By means of this conversion we shall,* *at the same time, facilitate the future growth of Czechoslovak industrial capacity on a firmer and sounder basis."*

If I give particular emphasis to the President's statement that the expansion and rebuilding of our industry is an essential and indispensable condition of a raising of the standard of living, I do so in order to dispel at once any fond illusions that a raise in the standard of living may be regarded as a necessary corollary or, even, ought to precede the successful implementation of the Plan. The exact opposite is the truth: in order to make it possible that our material and cultural level might be raised, it will first be necessary to fulfil the Plan, i. e. to rebuild industrial, and agricultural production, to attain a higher level of technique, to bring about an increased volume of production in the factories and in the fields, to improve efficiency standards and the productivity of labour, thereby increasing the national product, and then to distribute this national product justly and fairly, so that we might henceforth live better, more contentedly and more joyfully.

This task of expansion and rebuilding will not be achieved just because of the desire to see it done. Its realisation will cost a great deal of work and money. If we want to improve and expand our economy, we must invest in it, both work and money.

I should therefore like to draw your particular attention to part IV, division ii, section 24, of the Bill, headed "Investments", which reads: "For the purpose of ensuring and safeguarding economic development there shall be invested over the period of the Five-Year Plan a total sum not exceeding 336.2 milliard Kčs."

This sum is to be distributed as follows: a) industry 131.9 milliard, b) agriculture 26.8 milliard, c) building 4.6 milliard, d) transport 52.9 milliard Kčs.

This investment in key-sectors amounts to 216 milliard, 200 million Kčs; adding thereto the sum of 47.1 milliard

Kčs cited in the Bill under j) as investment of the public administration for the construction and maintenance of roads and bridges, hydro-technical projects, and other public works, we get a total *production* investment of 263 milliard 300 million Kčs.

In addition, the investment programme comprises allocations to social, cultural and other services and institutions, as follows: e) commerce and tourist traffic and travel, 5 milliard, f) housing 39.3 milliard, g) social welfare 8.1 milliard, h) health services 10.3 milliard, i) cultural facilities 10.2 milliard Kčs; that is a total of 72.9 milliard Kčs.

Adding the two portions, we obtain the former global investment target of 336.2 milliard Kčs spread over 5 years, or, 67 milliard Kčs annually.

In order to make this yearly investment programme of 67 milliard possible, adequate financial means must be procured.

The expansion of the nation's economy is in this direction limited by the same considerations as that of private enterprise. If someone wants to build himself a house, he has to have the money to do it with; this money may be either capital, or savings, or he can borrow it.

Investment capital may be accumulated either from the product of the labour of others—in which event, it is necessary to be able to exploit others; or from the savings of one's own work—in which event, it is necessary to save and do without many of the things that one might afford otherwise if the plan to build a house of one's own were to be given up.

Finally, the money may be procured on credit. But if someone builds with borrowed money, he must save, and do without, to an even greater extent, in order to pay back not only the borrowed capital, but interest thereon as well.

A nation's economy is governed by the same principles.

We can build: 1. with our own capital; 2. with the profits and savings of our work; 3. with foreign loans and assistance.

Now our Republic does not possess savings that could be invested in the work of reconstruction.

We inherited from the old order of society and the occupation millions of debts, and worthless shares and bank deposits. We do not want to exploit the labour of others, and we shall not adopt the way of imperialist subjection of other nations and the looting of their property.

We might borrow; there was, for instance, the tempting offer of the Marshall Plan. We refused this offer, because we will have nothing to do with money-lenders. The interest demanded on the loans under the Marshall Plan took the form of a surrender of our political sovereignty and economic independence: we should have had to reconstruct not in accordance with our own needs and plans, but in accordance with the plans and requirements of our creditor.

We can observe the results of such a reconstruction programme, carried out on someone else's account and to someone else's orders — say, in France. Some of those orders were, a restriction of the French film-industry, which resulted in thousands of cultural and technical workers becoming unemployed; a restriction of the production of automobiles, airplanes, etc., causing the dismissal of yet other ten thousands of workers in these industrial sectors — the only reason being the consideration that French production should not interfere with her capitalist rival's.

To accept American loans, then, means, in effect, to become a vassal of American capital, and of American capitalists. And this involves the final surrender of all plans of industrial expansion and of a raising of living and cultural standards.

We do not want to give up that aim. Therefore, only one path remains open to us: to finance the expansion and rebuilding of our economy with our own labour, our own financial resources, that is, our own savings, and—I say it without hesitation—sacrifices. This fact I should like to bring to the notice of you, Deputies of the National Assembly, with particular emphasis.

During your debates of the Five-Year Plan Bill never lose sight of this one and indisputable truth—that the most resounding phrases and the most hopeful statistics of the Plan will not by themselves raise the standard of living.

In order to make a raising of the standard of living possible, it will be necessary to fulfil the tasks set by the Five-Year Plan not in some, but in all sectors of production. Both work and money will have to be invested in reconstruction. The productivity of labour must be improved. There will have to be greater economy both in nationalised industry and in the public administration. The greatest possible proportion of people must be made to take their part in the production process and their capacities and abilities must be fully and properly utilised. In short, the realisation of the Five-Year Plan is a matter of the honour and industry of the entire nation. The experiences of the Two-Year Plan are now already at our disposal, and we must learn their lessons.

Why has the general standard of living not been raised to the extent which the Two-Year Plan envisaged? Because the Two-Year Plan was not completely fulfilled in its entirety and in all production sectors.

I should like to direct your attention to the first chapter of the Government Memorandum, 'Balance-sheet of the Two-Year Plan'.

This balance shows that we had planned correctly. Production targets in industry have not only been met, but will, in the majority of industrial sectors, be exceeded.

According to the statistical returns, the Two-Year Plan in industry (not including the food industry) was realised in 18 months to the extent of 101 per cent, in July to 104.5 per cent, in August to 101.1 per cent. The basic task of industry under the Two-Year Plan, i. e. to attain the production index of 110 as against 1937, was fulfilled also. Already in May 1948, the industrial production index was 110.9 per cent without the food industry, and 105.4 per cent including the food industry.

Of particular value are the results in mining, where pre-war production levels were exceeded by wide margins: in the case of hard coal by 15 per cent, of lignite by 36 per cent, of iron by 2 per cent, and of steel by 20 per cent. In the engineering industries, also, we are fulfilling the Plan to 100 per cent, and in many sectors we have reached pre-war production, as in the manufacture of locomotives, tractors, automobiles, etc. Other industries which have over-fulfilled their targets include the leather and rubber industry, glass, paper, timber, stone, clay and ceramics; the power, chemical, textile and clothing sectors are not far short of 100 per cent.

As far as we can judge at present, the following industrial sectors will be working above pre-war level on completion of the Two-Year Plan: mining by 18 per cent, power by 133 per cent, iron and steel by 10 per cent, engineering by 30 per cent, chemicals by 14 per cent, and ceramics und rubber by 4 per cent. Production per head of population will at the end of the year be 22 per cent above the pre-war level.

The position in transport is similar. The pre-war level has already been exceeded in rail transport, in spite of reduced rolling stock and locomotives. The number of persons carried by passenger trains is far in excess of pre-war. Road transport capacity—where the targets of the Two-Year Plan are being exceeded by as much as 40 to 60 per cent—is far in excess of pre-war.

The same success cannot be recorded in the case of river and air transport; postal transport, on the other hand, is meeting its target by a high percentage.

A quite different situation confronts us, however, in agriculture and the food and building industries. The planned targets were not met in any of these sectors, and this failure reacts on our standard of living.

In view of the fact that our grain harvest in 1947 amounted to only 1,850,000 tons instead of the planned 2,750,000—only 657,800 tons were moreover delivered to the public food administration, as against 1,059,200 in the preceding year—it is not surprising that neither the planned rations nor the planned standard of living could be maintained. If in spite of this we did not suffer famine, we owe this fact to the help rendered by our ally, the Union of Soviet Socialist Republics, and to our own industrial production, which, by fully implementing and in many cases exceeding its targets made it easier for us, to make up for the agricultural deficit, to export more and thus obtain the necessary resources for an increase of food imports.

Even more catastrophic than the failure of the grain harvest was the failure of animal production. The production of beef in the first half of 1948 amounted to only 46,327 tons instead of the planned 80,000 tons—or a mere 58 per cent; of pork, 71.382 instead of 133.000 tons, or 54 per cent; of milk, 10 million instead of 16 million hectolitres, or 62 per cent. It is clear that imports of meat and fats, though large, could not make up for these deficits.

The total damage in agriculture may be assessed at approximately 15 milliard Kčs. It will be readily understood that a loss of this order must necessarily exert an unfavourable influence on rations and on the standard of living.

A similar situation confronts us in building. If we consider that fulfilment of the 1947 targets for the entire sector was only 70 per cent, and in house-building only 47 per cent, that further instead of the projected 61,000 only about 29,000 flats were actually erected, we realise that the housing crisis could not be reduced, but on the contrary, was bound to aggravate. Excuses for the failure of these sectors to realise the Plan can no doubt be found. Due regard should be given to unfavourable wheather conditions, material and labour shortages, and so on. Nevertheless, the fact must not be overlooked that the private enterprise element which predominates in this sector is in many respects to blame for the failure to fulfil the planned targets.

It is a further undeniable fact that reactionary capitalist elements based their sabotage schemes on these failures to realise the Plan and on the grave disturbances wrought thereby in our economy. Those circles which had an overwhelming share in further increasing the consequences of the harvest crisis by means of sabotage, black market transactions and non-delivery, hoped and planned to exploit the famine which they expected to result from the harvest failure, for their own criminal ends.

They did not succeed. They failed, precisely for the reason that the idea of planning proved to be basically sound. The damages inflicted on our agriculture and supply by the harvest failure, by reactionary attempts to produce economic chaos, by sabotage, capitalist cupidity and black marketeering, could be, and to a large extent were, made good by harder work and by the voluntary efforts of honest citizens in town and country.

We had to put up with a number of shortages, but we did not fall a victim to famine and its attendant misery and despair. To-day, at the end of the Two-Year Plan, the standard of living of our nation and, in particular, of the working community, is far higher than during periods of abundant harvests and general prosperity under the old capitalist economy.

We have no unemployment. In the 'First Republic'* four years after the end of the Great War, in January 1922, 112,323 persons were registered as unemployed; in December of the same year, this figure had risen to 436,710.

You may ask: what was the standard of living of this half-million people, manual and office-workers, who wanted to work, but could not find work? What was the standard of living of their children and families? What were their rations of meat, fats and bread?

Here, even during a period of shortage, there are no beggars or tramps. During the 'First Republic' at a time of maximum economic expansion, we stumbled over tramps on each step, beggars could be seen at every corner.

How many workers here enjoyed paid holidays in the third year after the Great War and what was the duration of these holidays? How many workers, in the third year after the Great War, could afford to spend their holidays in summer resorts, spas, let alone at the sea-side? To-day, every employed person, not excluding persons in domestic employment, is entitled to fully-paid annual holidays. 200,000 workers took part this year in this country in the holiday recreation schemes of the Revolutionary Trade Union Movement (ROH) and the Union of Czechoslovak Youth (SČM).

I do not wish to enumerate all the differences between the old order and ours. We can not only state, but prove, without exaggeration, that the over-all standard of living of the working community has in spite of all difficulties, obstacles, and shortages, the existence of which we do not deny, and which we must overcome, substantially improved. It has so improved, because we have made the first breach in the bulwarks of the old capitalist order of exploitation of man by man, because we have nationalised the greater portion of production and because we have been enabled thereby to lay the foundations for economic planning.

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* i. e. the first period of an independent Czechoslovak state, from the liberation in 1918 till Munich. The interim period, Munich to March 15, 1939, is usually referred to as the "Second Republic". — Tr.

The results of the Two-Year Plan are a plain lesson that economic planning together with the nationalisation of production yields success and gives good results. They further teach us, on the other hand, that in the sphere of private enterprise planning is liable to fail, and faces grave obstacles and defects. The reason is clear—control and supervision is far more difficult, and the undermining influence of reactionary capitalist elements far more easily applied in private than in nationalised economic enterprise.

Sabotage by reactionary capitalist elements can, as we have seen, cause us considerable difficulties in spite of the realisation of carefully prepared plans, and cause painful, though temporary, damages and disturbances.

This lesson is implicit in the realisation of the plan in the nationalised sectors of industry, and in the failure to realise the plan in those sectors where private capitalist elements predominated, or dominated a crucial aspect of production. These lessons constituted a valuable guide in the preparation of the Five-Year Plan, and will be even more valuable in its practical implementation.

One thing must be clearly recognised: if we want to fulfil the Five-Year Plan and attain the goal envisaged therein, we must mobilise all necessary means and forces for its implementation. The Five-Year Plan envisages the gradual raising of the national income over the period 1948 to 1953 by 48 per cent, that is not less than one-half over and above our present national income.

If this increase is to be achieved, and if the plans for raising the material and cultural level of the people are to be fulfilled, the total industrial product must be increased by 57 per cent. This means the following increases in the individual production sectors: engineering by 93 per cent, mining by 35 per cent, power by 52 per cent, iron and steel by 49 per cent, chemicals by 62 per cent, glass by 12 per cent, stone, clay and ceramics by 59 per cent, woodworking by 26 per cent, textiles and clothing by 68 per cent, paper by 41 per cent, leather by 43 per cent, sugar-refining by 17 per cent, spirit-distilling by 6 per cent, beer-brewing by 68 per cent, flour-milling by 30 per cent, and food processing by 79 per cent. Agricultural output is to be raised altogether by 16 per cent (in comparison with the below-average year 1947 by 37 per cent), and building, if the Plan is to be fulfilled, by as much as 130 per cent.

These mere figures demonstrate amply the magnitude of the tasks which the Five-Year Plan imposes upon us. It is, however, absolutely essential that they are fulfilled, if the material and cultural level of the people is to be raised as envisaged in part III of the Bill.

Here I should like to point out that the targets listed in the Bill in the spheres of social, cultural, health and educational care and the material level by no means exhaust the list of demands, even of justified demands in these fields. The members of the Economic Council and of the Planning Commission could tell us how many justified demands in this field were put forward and how many of them, though their importance was fully acknowledged, could not be included in the Bill and cannot be realised under the Plan. You yourselves, when you come to deal with the Plan in Committee, will have to face that same difficulty.

If you allow yourselves to be influenced unduly by the narrow interests of your environment, your sphere of action, region or position, you will fail to solve your task.

It is not possible within five years to do everything that ought to be done, that we should like to do, or that should have been done long ago. The neglect of decades cannot be made good in a moment.

Thus, the Five-Year Plan is not a final plan, which will do away with all our existing shortages and difficulties. The Five-Year Plan is a plan for the expansion and conversion of our economy, aiming to remove the most urgent defects, but intended chiefly to lay the foundations and the basic facilities which will make it possible really to rebuild our fair country and all its institutions that aim towards safeguarding the material, social, medical and cultural interests of our people, step by step, so that at long last, life here might be truly happy, joyful and content.

The prime tasks of the Five-Year Plan, therefore, will be the widest mobilisation of labour and the raising of the productivity of labour.

It may be said that this is an old and hackneyed song, which we have been repeating *ad nauseam* for the past three years.

Yes, my friends, we have been repeating this song for three years now, and we shall repeat it over and again, until we succeed in convincing and re-educating, and I do not hesitate to say, compel, where need be, everyone to take this song about the necessity of work to heart and put it into action. We shall have to face obstacles, we shall not be able to realise fully our plans for the building of a new society, nor to ensure decent living standards to all members of the working population, until we have convinced everyone of the necessity of work, and have compelled those who do not want to be convinced to fulfil their duties.

We have given every one the right to work. We have confirmed this right in our Constitution and we have abolished unemployment. But every right implies certain obligations. The right to work carries with it the duty to work. Those who try to avoid fulfilling this duty must be compelled to do so.

This is no punishment, no force nor terror, but the free democratic right, of a state which guarantees the *right* to work, to demand unconditionally the fulfilment of the *duty* to work from each and every citizen.

We have given and ensured every one's right to a decent existence. We have guaranteed wages, rations, and social welfare. On the other hand, we have imposed on every one the duty to keep the peace and order of the State, to take his part in peaceful reconstruction and to defend the Republic. The individual's right and freedom to commit crimes against the interests of the community is no part of the conception of the people's democracy. It is a crime to-day to make common cause with the enemy, to spread false reports and rumours in order to create panic, to idle when work is required, to profiteer on scarcity and withdraw goods from the market which are essential for the maintenance of the food supply, not to deliver to the proper authorities what the harvest has provided, to waste and idle away ineffectually the working hours for which wages are paid, not to fulfil the obligations arising out of a contract of employment or service.

In speaking of the necessity of raising the productivity of labour, I should like to correct the mistake of all those who imagine that this question of raising the productivity of labour is a matter of the workers alone, that it is up to the workers, and only the workers, to work. That is not so. The question of productivity concerns us all, the entire nation. We need to raise the productivity of labour not only in the factories, but in shops, offices, and in agriculture. Do you think that the productivity of labour is not reduced and undermined by the shopkeeper who spends his day in the shop cursing and grumbling that he has nothing to sell: if instead of grumbling and grousing, he'd go and work where he's needed, there would be more to sell sooner.

We are trying our best to keep the promises which were given to the broad masses of the population. We do not destroy, or interfere with the livelihood of those who work honestly. We have guaranteed and safeguarded wages and salaries, incomes and land. But we have always declared: We cannot and shall not tolerate that individuals, whether in work or service, in business, trade, private enterprise or agriculture, place their selfish gain and interest above the interests of the community, that for their own personal benefit they damage the cause of the community. We shall find ways and means to guard our people's democratic Republic, the realisation of our Five-Year Plan and our way towards socialism, against all efforts of saboteurs, traitors and panic-mongers.

We need to work in order to build up our economy, and in order to work we need peace, both inside and outside. We shall endeavour with all our strength to keep that peace. We are endeavouring to maintain friendly relations with all, and allied relations with all those who, as we, build the people's democratic order, try to abolish war-mongering and contribute to world peace.

In building up our economy we cannot rely on the natural resources of our own country. We are in need of economic relations, of trade and cooperation with other countries. No one is excluded from entering into trade relations with us. We trade with both East and West. Whoever maintains economic and trade relations with us, is not likely to lose thereby.

It is no secret that for our trade and economic relations we find greater understanding to-day in the East than in the West. It is no fault of ours that, for instance, the United States of America create difficulties for us and hold back deliveries, often even those paid for in advance in dollars. Such measures may cause temporary difficulties, but cannot arrest the constructive work of building up our economy, nor our progress towards socialism.

This policy of isolation, boycott and economic blockade will in the end turn against its inventors; already the signs of the coming economic crisis are gathering on their horizon. The events of day-to-day convince us ever more clearly that we have chosen our friends wisely and well. The best proof of this are our economic relations with the Soviet Union and the people's democratic nations. Import and export turnovers are growing. The volume of mutual trade in new and wider agreements expands; the total turnover of our foreign trade with the Soviet Union in the coming year will amount to 20 milliard Kčs; under a recently concluded agreement, the USSR will deliver to us 300,000 tons of wheat, 25 million kg of fats and 25 million kg of meat, which will contribute materially to the safeguarding of our food rations and the improvement of our supply situation. Thus, the propaganda drive of our foreign enemies and the rumours spread by their agents at home, have missed their aim once again. You all know the wild rumours that circulated abroad and at home concerning President Gottwald's Crimean trip: the Republic was to be annexed by the Soviet Union, we should be drawn into the struggle for Berlin, the President would not return, and so on. Well, the President is back; the Czechoslovak Republic remains an independent, sovereign state; we shall not be drawn into a war for Berlin, for the simple reason that there will be no such war. The speculations of the war-mongers, all their attempts to create a war-hysteria, to spread panic and disquiet in order to make peaceful constructive work impossible, will be foiled. We shall not be turned back from our path of peace, of peaceable and forceful reconstruction, by anyone or anything. We shall complete the

Two-Year Plan; we shall begin to fulfil the Five-Year Plan. Let the forces of reaction at home and abroad vent their anger as they will, let them cry and rage and curse that we're going to wreck and ruin! We shall not be made to lose our temper. We shall mobilise all our labour and financial resources in order to bring the Five-Year Plan to a successful conclusion. Our development will go on. There will be no catastrophy, but the flowering of a new economic epoch, of Socialism.

In presenting the Five-Year Plan Bill, I should like to ask you, ladies and gentlemen, Deputies of the National Assembly: discuss this Bill, in the light of its significance and importance, and in the awareness of your high responsibility! Remember that the People is the only source of power in our people's democratic Republic! It is the duty of you, its elected representatives, to do its will and to ensure that your enactments help to create and safeguard a happy future for the people and the nation.

(Address delivered by the Prime Minister, Mr Antonín Zápotocký, on the occasion of presenting the Government Bill of the First Five-Year Economic Plan of Development of the Czechoslovak Republic, in the plenary session of the National Assembly of October 7, 1948.)

PREMISES, PRINCIPLES AND TARGETS OF THE FIRST FIVE-YEAR PLAN

Government Memorandum on the Five-Year Plan Act

I

BALANCE-SHEET OF THE TWO-YEAR PLAN AND CREATION OF THE PREMISES ON WHICH THE FIRST CZECHOSLOVAK FIVE-YEAR PLAN IS BASED

At this moment as the Five-Year Plan Bill is being presented to the National Assembly by the Government, the period of the Two-Year Plan has almost reached completion. The former begins where the latter left off: it will build on the achievements of the working population during the two-year period, the level attained in production in industry, agriculture, transport, and building, the standard of productivity and organisation reached by all sectors of economy, in short the Five-Year Plan's point of departure will be the achievement of our economy in the Two-Year Plan. Furthermore, the Five-Year Plan will utilise the experiences accumulated during this preceding period; these are of particular value and significance for us, since the Two-Year Plan has been our first economic plan, the initial test-case of economic planning in Czechoslovakia. In effecting the transition it is therefore absolutely essential that we render account to ourselves, draw up a balance-sheet of the results and the experiences obtained in this period, and frankly and soberly, in full recognition of their significance, weigh and evaluate all the factors that have arisen in our economy during the years 1947 and 1948. This means that, in assessing the results obtained in the Two-Year Plan, we must consider not only those aspects of the plan which were successfully realised—i. e. in particular the results in industry and transport—but also those in which the assumptions of the plan were not borne out, as, for example, the aspect of the plan which deals with the development of the standard of living.

In ***industrial production,*** as we know, the plan was fulfilled. More precisely, the degree of fulfilment in industry (without the food industry) was 101 per cent over the first 18 months of the two-year period. We may further feel reasonably sure that in industrial production the global target of the Two-Year Plan, i. e. 110 per cent of the pre-war production level in industry, will be reached by the end of 1948. If, as has been the rule hitherto, the monthly rate of attainment will continue to exceed 100 per cent over the remaining months of 1948, the final over-all result will even be in excess of the target figure.

In ***mining,*** the targets planned for the first 18 months of the two-year period were 25.3 million tons* of hard coal and 33.6 million tons of brown coal (lignite). Miners—and voluntary brigade workers together with them—successfully accomplished this task; actual output over this period amounted to 25.2 million tons of hard coal, and 34.2 million tons of brown coal, i. e. the degree of fulfilment was 100.1 per cent. Output of both hard and brown coal rose above the level attained prior to the introduction of the plan by a considerable margin, being (over the first six months of 1948) 30 per cent and 22 per cent respectively in excess of the corresponding period of 1946; pre-war output figures were exceeded by 15 per cent and 36 per cent respectively.

Workers in the ***iron and steel sector,*** also, not only reached their target, but exceeded it by a substantial margin. Output over the first 18 months of the plan was

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* *Tons* are *Metric Tons* throughout.—Tr.

2.2 million tons of pig iron, and 3.6 million tons of crude steel as against targets of 2 million tons and 3.4 million tons respectively; the total degree of fulfilment was 107.6 per cent of the overall target for the iron and steel industry over this period. Comparing output over the first six months of 1948 with the corresponding period of 1946, increases of 92 per cent and 70 per cent were registered in the case of iron and steel respectively, and the pre-war level was improved upon to the extent of 2 per cent in the case of iron and of 20 per cent in the case of steel.

This last, particularly heartening result is, aside from other factors, the consequence of planning both "from above" and "from below", together with *"counter-planning"*. It further demonstrates the achievements that are possible where planning is made the concern of the working population and becomes the object of their initiative.

The workers of the *electricity and gas sector* on the whole realised their high target, the degree of fulfilment being 98.6 per cent. Output of electric current over the first six months of 1948 shewed an increase of 40 per cent over the corresponding period of 1946 and of 80 per cent over the pre-war level.

In the case of the *engineering industry,* today the largest and at the same time the most important industrial sector, the degree of fulfilment was 100 per cent. Expansion during the two-year period is particularly noteworthy in this sector, as can be demonstrated by a comparison of output figures for the first six months of 1948 with the corresponding period of 1947: thus, output of locomotives in the 1948 period was 182, i. e. an increase of 60 per cent over the 1947 period, of sewing machines 53,021 (50 per cent), of motor cars, 9095 (almost double), of motor lorries, 3535 (40 per cent), of tractors, 4689 (double), of motorcycles 31,000 (120 per cent), of bicycles, 119,350 (25 per cent), of agricultural machinery—in terms of money value—773 million Kčs (30 per cent). Less satisfactory results were obtained, however, in the case of those means of production the output of which had not been included in the basic targets, and in particular those which had been left outside the scope of the plan altogether.

The *chemical industry* fell somewhat short of its target (93.7 per cent). This relatively less satisfactory degree of fulfilment is due in part to obstacles encountered in the reconstruction and conversion of the industry and in part to difficulties in the import of certain raw materials. The pre-war output level, was, however, exceeded by 20 per cent.

The *leather and rubber industry* exceeded its target by a substantial margin, the degree of fulfilment being 111.8 per cent. Between the first six months of 1947 and the corresponding period of 1948, output of footwear grew by 34 per cent, and reached 110 per cent of the pre-war volume.

The *glass, ceramics, paper and timber industries* also fulfilled or exceeded their targets. — The *textile industry,* with 96.6 per cent, fell not far short of its target. Though a comparison with the pre-war level shows that output only amounted to 86 per cent of the 1937 figure, it should be remembered that the population of the Republic is only (approximately) 85 per cent of pre-war, so that textile production per head of population roughly corresponds to the pre-war level.

These figures of fulfilment of the Plan in industry all indicate that the Two-Year Plan—which during the preparatory stage had so often been dismissed as "unrealisable"—was based on a realistic estimate of capacity, and that the workers in industry (which is to-day almost wholly nationalised) completely and honourably discharged their duties.

The results of the Two-Year Plan in *transport* were equally satisfactory, and the railway, postal and other transport employees fully accomplished the tasks laid upon them. In *rail transport,* the Czechoslovak State Railways (ČSD) greatly improved upon pre-war capacity, in spite of the difficulties engendered by reduced rolling stock (locomotives 80 per cent, freight cars 75 per cent, and passenger coaches 70 per cent, of the pre-war level).

In *road transport* the rate of growth has been steep, particularly in the case of transport of persons to and from work. The degree of fulfilment in motor-coach passenger transport was 169 per cent in 1947 and 148 per cent in the first quarter of 1948. In freight haulage, a substantial increase in tonnage may be noted: 10.7 million tons in the first half of 1948 as against 7.8 million tons in the corresponding period of 1947, i. e. a rise of 37 per cent; the rate of fulfilment was 119 per cent of the target. The capacity of the *postal services* has already passed the pre-war level. It may be seen that in transport, only a small sector of which has remained in private hands, the employees attained the targets set by the Plan, and thus discharged their obligations towards the nation and the Republic no less well than their fellows in industry.

The above is a brief survey of the results of the realisation of the Two-Year Plan in industry and transport, two sectors of the economy which are almost wholly nationalised. It is certainly no accident that the Plan has been realised successfully just in those sectors in which the employees work to an overwhelming extent directly for the community.

These satisfactory statistical results of the Two-Year Plan in industry and transport were, in contrast to those relating to other economic sectors, issued at regular monthly or even shorter intervals, and given considerable publicity in the press and other media. Thus it happened that these favourable figures were almost exclusively in the foreground of public interest, centred on the progress of the Two-Year Plan. The circumstance that these two sectors of the economy are almost wholly nationalised, that is to say, under unified control, facilitated (or even made possible) the regular submission of output figures and thus the publication of results. A contributory factor to this situation was the fact that in both these sectors the work consists of comparable repetitive operations, which greatly facilitated statistical interpretation.

However, no matter how important the results of the Two-Year Plan in industry and transport and the figures relating thereto may be in themselves, they do not provide a full and completely accurate picture of the results of the Plan. For the Plan just as any mechanism—say a watch—or any organism—say a human being—is an indivisible whole. If only one component of a watch functions, or even, if all the components function except one, the watch will either keep time inaccurately or stop altogether. The same is true of a human organism. The entire organism, or, to put it more precisely, all its more important parts must be in perfect working order, if the organism *as such* is to function properly. Should even one of the important parts fail—should "only" the heart, or "only" the lungs fail to function as they should, the result will be grave disturbances affecting the entire organism. This fundamental principle, which applies at all levels of physical and biological existence, is no less valid in regard to the social organism, the State. It applies to production, whether it is production in a workshop, a single factory, or the entire economy; and it applies no less to the planning of the economy. The complete success of an economic plan depends on the success of its component parts (or at least its key sectors), in particular as regards the production sectors of the economy; though even the non-fulfilment of one or more ancillary plans, such as foreign trade, finance, etc., must necessarily make itself felt in the final result. In brief: the fulfilment of one, or even several, targets in key sectors does not suffice to ensure the total success of the plan.

This really very simple fact which in our case means that the final aim of the Two-Year Plan, i. e. the raising of the standard of living of the people, could not be attained without fulfilment of the targets in all the key sectors of the economy, has been frequently overlooked by the public. Attention is being paid only to the figures shewing the attainment in industry and transport, and these figures are then represented as the total results of the Two-Year Plan. Those members of the public who try to keep track of economic progress are thus often unable to explain the apparent contradiction that targets are being fulfilled, or even exceeded, while the standard of living does not improve at the rate we should wish, or, indeed, at the rate originally assumed in the Two-Year Plan itself. There can be small wonder that these people fall an easy prey to reactionary rumour-mongers, who, by stressing isolated facts out of their context, distort and falsify the true position.

The figures giving the results of the plan in industry and transport, then, do not tell the whole truth; they do not provide the information required to arrive at a true *general* picture. After all, even in as highly industrialised a country as ours, industry and transport together only account for some two-thirds of the national product. When, as did in fact happen last year, the national product is reduced by some 10 per cent (the chief reason being in this case the harvest failure), it must be clear that even the planned growth of production cannot make up for the loss. This is the second and often neglected aspect of the whole truth about the Two-Year Plan. The target figures were not and are not being reached either in agriculture or in building. But success or failure in these two sectors directly involves the standard of living of the population —the former determines our food supply, while the latter is decisive for our housing situation.

The results obtained in these two sectors were as follows:

In *agriculture,* production fell far below the target figures set by the plan. Of the targets planned for the various crops the following proportions were actually harvested or delivered in 1947: wheat 853,600 tons, or 58 per cent (target 1,470,000), rye 987,600 or 77 per cent (target 1,280,000), potatoes 4,677,660 tons or about 51 per cent (target 9,140,000), sugar beet 2,407,000, or about one-half (target 4,830,000).

In livestock production, the worst period from the point of view of the Two-Year Plan was the first half of 1948. The following figures give a picture of actual production as compared with the target figures (throughout Czechoslovakia) for the first six months of 1948: beef 46,327 tons or 58 per cent (target 80,000 tons), pork 71,388 or 54 per cent (target 133,000 tons), milk 10 million hectolitres or 62 per cent (target 16 million hectolitres): output of this last item was affected not only by a decline in the number of cows, but also by the fact that milking capacity per cow, which had been estimated in the Plan at the comparatively low figure of four litres per day, appears to have dropped to a mere 2.9 litres per day, or 66 per cent of the pre-war level. — As for fats, our position is not only affected by the milk supply, but also by the fact that the target neither for the sowing of oil crops nor for their delivery to the public food administration was fulfilled.

The 1948 harvest, it should be said, has altered the position a good deal. The 1948 target in crop production was fulfilled, but the food situation and thus the standard of living of the population since the second half of 1947 have been determined for the most part by the failure of agriculture to reach its targets in 1947. In particular the decline in cattle herds (which is of less recent origin) will continue to exert an unfavourable influence on food supplies until the end of 1948, and even after that. On July 1, 1948, the position as regards stocks of horned cattle and pigs was 3.4 million heads and 2.7 million heads as against a target of 3.9 million and 3.5 million heads respectively, i. e. short of target figure by 14 per cent and 24 per cent respectively.

As a direct result of this underfulfilment in agriculture the food industry was unable to implement its target, so that the rate of attainment in this sector was only 71.5 per cent in 1947, and 82.8 per cent in the first six months of 1948.

Losses due directly to the harvest failure alone are assessed at around 15 milliard Kčs.

In *building,* we are faced with a similar situation. Some 15 milliard Kčs were expended on building construction in 1947 as against a target of 22.5 milliard Kčs, that is to say, in terms of money expenditure the degree of fulfilment was even less than 70 per cent, while the actual volume of building construction was even less. As regards housing, the house-building carried out in 1947 under the Two-Year Plan amounts to some 29,000 housing units (flats) or 47 per cent of target (61,000 flats).

It is plain from these figures that the failure of the sectors of building and agriculture to implement the target is to blame for the fact that the food and housing situation did not develop as envisaged by the Two-Year Plan, but, on the contrary, deteriorated in relation to the first half of 1947.

In order to learn the lesson taught by these failures and to derive profit therefrom for the purpose of the Five-Year Plan, and in order to understand the factors which contributed to their occurrence, it is necessary to draw attention to the following circumstances.

Two sets of causes should be recognised; on the one hand, certain objective factors must be held responsible for the nonfulfilment of the plan, especially the drought of the summer of 1947, which brought about the harvest failure of that year.

On the other hand some part of the responsibility rests elsewhere, particularly on the sabotage activity carried on by reactionary elements and their hangers-on: those, in fact, who cannot come to terms with the fact that the Czechoslovak people have taken state power into their own hands, who consider their own selfish interests before the interest of the community, and who hope by undermining economic planning to bring about a return to the old capitalist system, under which they expect to regain their former mastery.

Yet a further factor substantially affects the success of the plan: in both these sectors, agriculture and building, backward modes of production in small units either predominated before February 1948, or—as in agriculture—still predominate. This circumstance, again, often leads to private interest being placed above the interest of the community.

Building provides a particularly striking example of this. Aside from work undertaken under the Two-Year Plan, a large volume of illegal or black-market building was carried out, to the extent, it has been estimated, of some 3 milliard Kčs in terms of money value. The accommodation thus made available was almost entirely beyond the reach of deserving applicants for flats among the working population, and made to serve the wholly unjustified comfort of some selfish individuals. The non-fulfilment of the target in building is no accident. Up to February 1948, the share of nationalised industry in building activity was negligible, and experience has shewn that private builders were guided throughout solely by considerations of profit, regardless of the requirements of the Two-Year Plan.

Even in agriculture, the 1947 drought does not tell the whole story. Some responsibility for the disastrous harvest of that year must be allotted to the vicious influence exercised prior to the second land reform * by owners of large estates (in excess of 50 hectares); but even since the events of February 1948 and the reform measures resultant therefrom, the capitalist element in agriculture, i. e. chiefly large farmers, continue a policy of exploitation, and boycott agricultural planning and the rationing system. Other farmers and smallholders followed this example, though, it must be admitted, often under pressure of economic dependence, and thus materially contributed to the extent of the failure. Other contributory factors must be looked for in the inadequate organisation of delivery and distribution. For in order to realise the plan in agriculture it is not enough that production targets should be attained; a large portion of agricultural produce was prevented from reaching the legal market by reactionary and capitalist elements active in the delivery and distribution machine and in the cooperatives. If it were not for this sabotage activity, how should we explain the fact that the average milking capacity of a cow even as late as June, 1948 only amounted to 3½ litres per day, or that many of the larger farmers included last year's grain in their 1948 deliveries, or that, for example in 1936, with an initial stock of 2.1 million hogs, 2.4 million were slaughtered by the trade in the course of the year, whereas in 1948, though

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* Cp. *Land Reform in Czechoslovakia,* Orbis, Prague 1948.

initial stocks were close to 2 million, the estimated number of slaughters is only 770,000?

It will be seen from these facts that the residual capitalist element, and backward small-unit production, are two of the chief contributory causes of the failure of the Plan in these sectors.

Since, as we have said, the plan is an indivisible whole, it is obvious that a failure in agriculture and building, apart from direct consequences in the food and housing situation, indirectly made itself felt in the contribution rendered to the standard of living by other production sectors. In order to make up (at least in part) for the losses sustained through the 1947 harvest failure, and to avert the disastrous effect this would have had on the standard of nutrition, we had to resort to an unprecedented volume of food imports. Thus, while our grain imports during the first six months of 1947 had been practically nil, imports of bread grain during the corresponding period of 1948 amounted to 354,750 tons. The same position prevailed as regards imports of meat and fats; during the first six months of 1948 we imported 15,180 tons of meat alone, i. e. 14 per cent of our total consumption over this period. Our total food imports for the latter part of 1947 and the first half of 1948 exceeded those for the corresponding period of 1946/47 by some 7.5 milliard Kčs. The generous aid extended by the USSR and the other people's democracies, from which we imported grain and cattle for slaughter to a total value of 6.5 milliard Kčs during the latter part of 1947 and the first half of 1948, proved invaluable. A credit of 1250 million Kčs granted to us by the USSR in addition to these imports helped to pay for part of our grain imports. This increase in imports could only be defrayed out of a greatly increased volume of industrial exports. Nor, it need hardly be stated, can the credit we obtained from the USSR be re-paid except by means of greater exports of manufactured goods. Thus the increased portion of our industrial production which had to be allocated to export in order to make good the liabilities incurred through non-fulfilment of the Plan in agriculture, made itself felt in general shortages in the home market, and slowed down the growth of home commodity consumption as foreseen by the Two-Year Plan. The extent of this shift in the balance of home and foreign trade may be judged from the money value of additional exports during the first six months of 1948, as against the corresponding period of 1947: cotton goods, 1 milliard Kčs, footwear, 1.2 milliard Kčs, and metal goods 2.4 milliard Kčs!

How low the level of food consumption would have sunk had we not resorted to this increase in exports may be judged from the fact that in 1947 only 1,841,000 tons of bread grains as against 2,469,000 tons in the preceding year were harvested, of which again, only 657,200 tons were delivered to the public food authority, as against 1,059,200 tons in the preceding year, i.e. 38 per cent less. The 1947 deliveries ensured a daily (monthly) bread ration of 42 dekagrammes (12.6 kg) per adult consumer during the 1946/47 ration period. Without supplements the consequences of the 1947 harvest failure would have been truly disastrous, for a reduction of 38 per cent would have meant an average daily (monthly) bread ration of 26 dekagrammes (7.8 kg) per adult consumer during the 1947/8 rationing period. Our grain imports from the USSR enabled us to maintain the ration at an average level of 9.3 kg per month, or 32 dekagrammes per day, per adult consumer. It is clear that this level could not have been maintained unless an increased volume of exports had been made available in order to pay for these abnormally large imports.

The blow dealt our economy by the failure of the agricultural sector to fulfil its target could, it is clear, be softened only because our industry was realising the Plan successfully and so was able to supply the goods required for export, and because transport proved capable of dealing with the extra strain imposed by the greatly intensified import and export trade, in addition to the tasks arising from increased industrial production in general. Yet one more factor (which should not be forgotten), without which the maintenance of this ambitious programme of foreign trade would not have been possible, consisted in the effective and timely measures taken to deal with the organisation of foreign trade itself.

It can be seen that only the exemplary implementation of the Plan in industry, the enthusiastic efforts made by all categories of employees, workers, technicians and engineers, executive and administrative personnel, by railway, postal and other transport workers, averted the disaster which the harvest failure would have meant to the entire level of life of our people.

The effects of the exemplary realisation of the Plan in industrial production did not, however, make themselves felt only in the economic field. Since the autumn of 1947, reactionary forces had assumed that the non-fulfilment of the target in agriculture would have catastrophic effects on the standard of living of the broadest sections of the population, and, trying to aggravate the position in accordance with their slogan "the worse the better", relied on this development to further the realisation of their plans for a return to the pre-Munich political and economic order. In this game they were aided more than a little by international reactionary and imperialist forces which had not been slow to realise the danger implicit to them in the success of nationalisation and economic planning in as highly industrialised a country as Czechoslovakia. The exemplary rate of fulfilment of the Plan achieved by the workers in transport and industry did much to enable the progressive elements of Czechoslovakia, under the leadership of the Communist Party *(KSČ)*, to bring the plans of Czechoslovak and foreign reactionary forces to nought in February 1948.

Yet all this, all that has been said here regarding the non-fulfilment of the plan in agriculture and building, and not least regarding the contributory factors (i. e. in particular the consequences of capitalist sabotage), which led up to this position, is still not the entire truth. Reactionary capitalist elements tried to undermine the standard of living of the people wherever they could, in all sectors of the economy, especially prior to February 1948. Capitalists in foreign trade organised a large-scale illegal transfer of capital abroad, thus also reducing the national income. This leakage has been assessed by the National Bank at 2.5 milliard Kčs for 1947 alone. In the home market, too, these same circles organised the large-scale transfer of all manner of commodities to the black market. Illegal building operations could not have been carried out on as large a scale as in fact they were unless large quantities of building materials had been diverted into illegal channels. In addition to illegal house-building, which has already been dealt with above, building investment was undertaken on a large scale in the private sector of industry, in trade and commerce, etc, as is best borne out by the fact that in 1947 the total *per capita* investment of the private sector of industry exceeded that of the nationalised sector by some 50 per cent, which is in direct contradiction to the directives laid down under the Two-Year Plan, and could have arisen only through work carried on outside the scope of the Two-Year Plan. From available data, the quantity of bricks and cement which found its way on to the black market in 1947 may be assessed at not less than 25 per cent of the total volume of production of these materials.

This situation is paralleled in the case of many other industrial products, in fact, wherever capitalists were able to exert an influence on distribution in industry or in the wholesale trade.

A particularly striking example is provided by the textile trade, where great quantities of goods were diverted from the legal market. This is not in fact surprising when we reflect that 40 per cent of all weaving mills, finishing works, and dye-works were operated by private enterprise. Over and above this, conditions in the textile wholesale trade had become so untenable from the consumer's point of view that they had to be dealt with in a decisive fashion even before the nationalisation of the trade took place.

The capitalist element in agriculture, in collaboration with corrupt retailers in the food trade, operated a black market of considerable proportions in goods which had been diverted from proper delivery channels. Many retail traders considered the profit motive before the national interest, and in addition to supplying the black market, profiteered through overcharging. The black market was kept thriving, lastly, by a number of corrupt artisan producers.—This altogether bleak situation was further aggravated by bottlenecks in the manufacture and distribution of small but important articles of daily use—such as needles and thread—or, in other cases, through the faulty assortment and defective quality of such articles, brought about, on the one hand, by the fact that many such commodities were manufactured and distributed by private enterprise, who in their preoccupation with maximum profit paid no regard to consumers' requirements, and on the other hand by the inadequate planning of the quality of these articles; in many cases, these branches of manufacture were left outside the scope of the Plan altogether. The same is true of many essential articles of daily use, such as drill for overalls.

Many other distribution bottlenecks arose out of conditions prevailing in the wholesale trade, which have been aptly characterised as a "*jungle*". Here, it will be readily understood, the consequences of the nationalisation of the trade could not yet become apparent, since the organisation of the nationalised wholesale trade is still in the initial stage. Nor must we forget the part played by many retail traders who are often blind to any considerations except those of profit.

A fossilised bureaucracy, evasive of responsibility and hostile to the new order, which still largely staffs our public administration, our commercial enterprises and other institutions, has been obstructing the constant flow of goods in distribution, retarding the planned expansion of the economy, resisting "planning from below", and altogether has been an obstacle in the path of the successful implementation and realisation of the Two-Year Plan.

Finally, the productivity of labour did not develop as envisaged by the Government. Under the Two-Year Plan, industrial capacity was to reach 110 per cent of the pre-war level, at pre-war labour strength. The labour target has already been exceeded, however, while labour productivity lags behind the target chiefly because works organisation and lay-out has not reached the level to which it ought to have been raised by our workers and engineers. It should not be forgotten in this connection that some of the responsibility for these failures is attributable to the working population itself; such factors as absenteeism and irregular time-keeping, fluctuation, careless workmanship and other defects in working morale, constituted obstacles in the endeavour to raise production efficiency.

These direct factors damaging the standard of living of the people were reinforced in their effect by indirect phenomena. Reactionary circles regarded the grave economic situation towards the end of 1947 and at the beginning of 1948 chiefly as an occasion for panic-mongering. The spreading of all varieties of rumours about the inevitable famine, the imminent disappearance of this or that commodity from the market, the devaluation of banknotes and currency reforms, or finally, groundless reports of the imminent danger of war, frequently led to "epidemics" of hoarding, which diverted further commodities from their proper function of supplying the working population. Of those who are only too ready to exploit every economic difficulty for their own ends, we can only say: they hide from the people the fact that the Plan was not fulfilled in building and in agriculture, in those sectors which were and partially still are their strongholds. It is absurd to suggest, as the rumour-mongers do, that the people fare worse although, or even because the Plan has been fulfilled. On the contrary, it was the work of these same reactionary elements that hampered the fulfilment of the Plan.

In truth it is precisely the work of these reactionary elements that the people do not fare as well as had been envisaged by the Two-Year Plan; those elements against whom the people rose in February 1948 diverted from the market a sensible proportion of the goods that had been manufactured for it; it is only because of the exemplary effort made by the workers in industry and transport that the people are not very much worse off, that their standard of living did not sink as low as the reactionaries had planned and desired. The working people in industry and transport, in the first place, as well as the building labourers and those broad masses of working farmers who fulfilled their deliveries and did their patriotic duty, helped themselves by exerting all their strength to fulfil the targets of the Two-Year Plan, to close the gaps and bottlenecks. No little contribution was made toward this effort by initiative "from below", expressed in competition at work, voluntary brigades, mutual assistance in agriculture, "counter-planning" etc. Finally, aid was given by the USSR and the people's democratic states.

There can be no doubt on this score: if the Plan in agriculture and building had been fulfilled, if there had been no subversive reactionary maneuvres, the development which began so promisingly in the first half of 1947, when the rate of fulfilment of the plan was, on the whole, satisfactory, would have continued. During the first six months of the Two-Year Plan, average monthly consumption per head of population rose, as against the corresponding period of 1946, in the case of meat from 2.06 kg to 3.10 kg, of fats from 0.68 kg to 0.87 kg, of flour from 7.69 kg to 10.12 kg, and of sugar from 2.70 kg to 2.94 kg. In the case of meat and sugar, the pre-war average (2.10 kg and 1.85 kg respectively) had already been exceeded by a substantial margin. There can be no doubt, had not the planned expansion of production been arrested in certain sectors by developments the origins of which must be sought in the machinations of reactionary forces, our people's standard of living would already have topped the pre-war level.

Indeed in spite of all the difficulties we have listed, it is plain that our standard of living is to-day—regardless of reactionary slander to the contrary—on a high level, which could be reached and maintained solely by economic planning in the people's democratic order. Under the Two-Year Plan, many milliards of Kčs have been spent on raising the people's level of life. Thus, income tax has been sensibly reduced; the growth of industrial production and the resultant reduction of production costs made possible the creation of a price subsidy fund by means of which prices of foodstuffs were reduced by an average of 10 per cent at the beginning of April, 1947; children's rations have been increased, and the price of milk for children reduced by almost one-half. The improved structure of our standard of living is further shewn by the available data regarding the child mortality rate, viewed throughout the world as perhaps the most significant single index of a peoples's level of life, since it gives a direct picture of the family's and hence the nation's standards. The child mortality curve in the Czech Provinces * shews a definite and considerable downward tendency: from a pre-war average of 10 per cent (1937) it declined since the end of the war to 8.7 per cent in the first half of 1947, and to as low as 7.3 per cent in the first half of 1948. The introduction of National Insurance** which raises workers' health and pension insurance to the level of that of salaried office-workers, and brings farmers, independent tradesmen, and the professions within the scope of compulsory insurance for the first time, has been a step of surpassing importance for the entire nation. Another indicator of the rising standard of living is the growing scope of workers' recreation, in particular collective holiday schemes which take employees not only into the spas and mountains—formerly reserved to the bourgeoisie—but even abroad, to the sea-side. 4000 workers spent their holidays in Yugoslavia, Poland and Bulgaria before September 1948 under the recreation schemes of the General Trade Union Council (ÚRO) alone. Some 280,000 workers, young persons and children from the Czech Provinces took part in recreation schemes operated by ÚRO, the Czechoslovak Union of Youth (ČSM), and other bodies at home. Before the war this type of scheme had been available for children only, and was very limited in scope, as can be judged from the fact that, for instance in 1937 a mere 43,500 children participated. Fully paid annual holidays of 3 to 4 weeks, among the longest paid holidays in the world, are enjoyed by all workers. The growing scope of works canteens—catering for over half a million workers and employees—is proof of the development of this aspect of social welfare.

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* i.e. Bohemia and Moravia-Silesia.—Tr.

** Cf. *Czechoslovak National Insurance*, Orbis, Prague, 1948 (English ed.).

Our frequent failure to realise and appreciate this comparatively impressive rise in the standard of living is in part due to a tendency to overlook the fact that the worst injustices of the capitalist system have already been done away with. There are no unemployed; there are no longer those hundreds of thousands whose wages did not allow them to afford even the most elementary necessities of life. We have become a nation of consumers—though this country has not yet become a land of milk and honey, and not all consumers' wants can yet be satisfied. Therefore it seems to many that the standard of living is not really as high as it should be—for wages, salaries and other forms of income have risen sharply during the Two-Year Plan, while the average citizen still cannot achieve that standard of material comfort which he could afford, if supplies were more plentiful.

It cannot be doubted that without economic planning the standard of living could not have been maintained at to-day's level.

The position of the capitalist countries to-day provides a picture of what our condition would have been if we had not relied on economic planning and on the people's democratic order in the economic sphere. Thus, in *France* the ratio of prices to wages has risen by 2 to 1 in comparison to pre-war, so that the average French worker's family can only buy one-half to-day of what it could afford before the war; even this standard of living must be fought for in bitter and constant strikes. In *Great Britain,* according to official sources, the race between prices and wages has reduced real wages by 10 per cent during the last year. In *Italy,* 2 million unemployed are officially reported. A comparison of food rations in the capitalist states of Western Europe and in Czechoslovakia yields the following picture:

Average weekly rations per head (grammes):

	Flour	Fats	Sugar	Potatoes
France	1400	115	173	(no ration)
Great Britain .	1785	227	226	1360
Czechoslovakia .	2272	205	350	1860

On this showing alone, the situation in the countries taking part in the so-called Marshall Plan fully justifies our refusal to become a partner thereto. It is becoming increasingly plain that Marshall aid, instead of giving economic help, leads toward economic decay, a lowering of workers' living standards and loss of economic and political independence. Assistance is rendered often in the form of superfluous and wasteful consumer goods. The Marshall States, are not permitted to develop those economic sectors which are essential to their national interest, but only those which do not interfere with the expansion of US monopolies; they may not import those goods which they most require—i. e. in particular capital goods—but only what the administrators of the Plan, nominated by foreign capital interests, decide should be imported. At the same time, their foreign commitments are rising steadily, in turn increasing their political and economic dependence. The Marshall Plan does not lead to economic rehabilitation or improved living standards; its symptoms are of a quite different order—the growing number of unemployed, workers dismissed from industries declared redundant by the US monopolies, social unrest, strikes which in their turn lead to a lowering of production and of the productivity of the national economy in general. Observing these ominous symptoms of economic dissolution we recognise with horror where we should be to-day, had we placed our economy under the aegis of ERP. Our incomparably healthier position becomes clear when we consider that the Czechoslovak people are able to build their economy in their own fashion and according to their own national interest, and that we face the future almost unburdened by financial commitments. The "Marshall States" wince beneath the yoke of foreign debts amounting to many milliards of Kčs, from which they have not been able to put by, or to invest, but which they have been compelled to spend entirely on consumer goods. By way of contrast, we in Czechoslovakia, in spite of the tremendous damages inflicted on our economy by war and occupation and last year's disastrous harvest, and in spite of the fact that we began the work of post-war reconstruction virtually without reserve capacity, that we expatriated the treacherous German element and had to make good the loss of manpower sustained thereby, have completed the post-war reconstruction of our economy and are now entering upon a stage of far-reaching economic expansion and transformation, without major foreign loans.

The Government feels able to sum up this analysis of the experiences taught by the Two-Year Plan as follows:

1. The Two-Year Plan has yielded satisfactory results in the chief sectors of the economy. The circumstance, that the standard of living of the Czechoslovak people has not risen during the two-year period as had been assumed, must be adduced primarily to the non-fulfilment of the plan in the two key-sectors of agriculture and building, that is to say, in those sectors where

private enterprise and small-unit production methods predominated.

2. It is only by virtue of the satisfactory realisation of the Plan in industry and transport that non-fulfilment of the target in other sectors did not affect the standard of living as adversely as it would otherwise have done.
3. As was shewn by the progress achieved during the first six months of the Two-Year Plan, the rate of development of the standard of living can be maintained only if and insofar as the target is fulfilled in all key sectors of the economy.
4. The experiences gained in the Two-Year Plan shew that greater prosperity of the people can be attained only through consistent economic planning and the further elimination of capitalist enterprise.

In effecting the transition to this present scheme, the Five-Year Plan, our people must learn and apply these lessons. They must realise, above all, that any failure to fulfil a planned target, even in only one decisive sector (in particular in the production sectors), or to allow elements hostile to the people to exploit even a portion of the results achieved under the Plan for their own selfish ends, is fraught with the gravest dangers.

If this lesson is learnt by all our people, one of the basic premises of the complete success of the Five-Year Plan has been secured; and the achievement of the primary aim of the plan, which is the substantial raising of the standard of living of the people, becomes practicable.

Other pre-requisites of the transition to the First Czechoslovak Five-Year Plan have also been created. Thus the basic target of the Two-Year Plan, the raising of our economic capacity to the pre-war level, has on the whole been accomplished in spite of the aforesaid gaps. The productivity of labour, i.e. the volume of production per worker has after a temporary fall-off to 60 per cent of the 1937 level during the immediate post-war period again reached the pre-war average.

In the course of the implementation of the Two-Year Plan a wider and more profound experience of economic planning has been gained than had been at our disposal in its preparatory stages. Hence the foundations have been laid for the more complex tasks of the Five-Year Plan, though the theoretical and practical equipment of the planning service will continue to require attention in the course of further planning. The unification of the central planning service, and the building-up of subordinate planning organs (specialised-technical and regional) will complete the creation of the basic premises of the Five-Year Plan in this sphere.

Finally, we have created the political conditions essential for the establishment of a planned economy. The transfer of political power into the hands of the people and the nationalisation of a decisive portion of the means and instruments of production had been accomplished already during the first months of the renewed existence of our liberated state and the events of February, 1948, closed a number of loopholes that still existed in the structure of the Czechoslovak people's democracy. Representatives of reaction were removed from the Government; the further nationalisation of industry, the nationalisation of a substantial portion of the building industry, and the nationalisation of the bulk of home and import-export wholesale trade helped to eliminate economic and political bottlenecks which had retarded the consolidation of the Republic and our progress towards socialism. The events of February 1948 also brought about a far wider participation of the broad masses of the people in the operation of the Two-Year Plan. While before these changes had taken place, the energies of the working population had been engaged to a considerable degree by the struggle against reactionary and counter-revolutionary machinations, this energy can now be applied fully to the creative task of the economic development of the Republic. The events of February 1948 gave the Five-Year Plan a truly firm and reliable foundation.

It now depends almost entirely on ourselves—on the efforts made by the workers and by the whole nation—whether the Five-Year Plan will be realised as it is now being presented by the Government to the National Assembly in this present Bill, and as it had been proposed in its main outlines to the people by the President of the Republic. This plan will guide our people, all sections of the working population of town and country, not only towards substantially higher living standards; it will make those living standards permanently safe, and will thus enable us to proceed further on the road towards Socialism.

II

FUNDAMENTAL AIMS OF THE FIVE-YEAR PLAN

In his statement on the Five-Year Economic Plan delivered at a special session of the Central Planning Commission on October 10, 1947, the President of the Republic —then Prime Minister—Mr. Klement Gottwald, said:

*"The Five-Year Plan must secure a further substantial rise of the standard of living of all sections of the working population of town and country, and thus bring about the closer unity of the workers, peasants, the intelligentsia and the urban middle classes. This task can be accomplished only through the full expansion of our economy, its further development, and its partial transformation. Only an economic expansion of this order can ensure a constant rise of the standard of living."**

The present Bill aims to provide the means for this expansion of productive capacity, making possible a planned increase of the national product by 48 per cent (spread over the five-year period), and a related growth of consumption. In consequence of the introduction of social insurance, social consumption will rise more quickly than personal consumption; the total rise in consumption per head of general population will be some 35 per cent over the 1948 level. The foremost condition of an economic expansion of this magnitude is an increase in the productivity of labour. Industrial output is to grow at the unprecedented rate of 57 per cent over the five-year period. The proposed increase in agricultural production is 16 per cent over the target of the Two-Year Plan (i.e. against the pre-war level), or—taking into account the consequences of the drought of the summer of 1947—by 37 per cent over the actual production figure for 1948. Never before in Czechoslovak economic history has so great a development taken place in so short a time.

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* *Long-term Planning in Czechoslovakia,* Orbis, Prague 1947 (English ed.).

This expansion of the Czechoslovak economy, however, rests on one basic condition, stressed by the President of the Republic:

"We shall have to transform the structure of the Czechoslovak economy, which dates from the Austro-Hungarian Empire, and adapt it to the economic and political requirements of our time. This means that the emphasis in industrial production must be shifted away from those sectors the products of which could even before the recent war compete in the world markets only in virtue of the starvation wages paid to workers (glove and toy manufacture, partially in glass and textiles), and concentrate on those sectors for which we are favourably equipped and the products of which we could market abroad: these are the metalworking industry, in particular the heavy engineering sector, and the chemical industry. A section of the ceramics and glass industry—where it must be recognised that our former customers began to establish industries of their own even before, and continued to do so during, the war—must be converted to technical manufacture. These changes will naturally dislodge the textile industry from its present leading position in our industrial structure. But this position was gained in the time of the Austro-Hungarian Empire, which provided a vast assured market for our textile manufacture. As is well known, the textile

industry was originally developed for the home market, and found itself in difficulties when before the recent war it was attempted to make it Czechoslovakia's leading export industry."

The Five-Year Plan will make this transformation and conversion of our industrial structure possible. The centre of the whole plan is the *metalworking industry,* which will be expanded by 93 per cent during the five-year period; and again, the entire plan is focused on the *heavy engineering sector* within the metalworking industry, where production will be doubled and even trebled. Instrumental in this development will be the expansion of the mining industry by 35 per cent, of power supply by 52 per cent, and of iron and steel production by 49 per cent. It is essential that all members of the working population should be aware of the key position of the metalworking industry, and more particularly of the heavy engineering sector, in the Plan. Stalin's reference to the "chief link" of the economic plan applies in this context:

*"In order to carry out such a plan it is necessary first of all to find its main link; for only after this main link has been found and grasped can all the other links in the plan be pulled up."**

This programme of expansion and transformation of industry, and development of the other sectors of the Czechoslovak economy, has been planned with a view to long-term trends, and does not involve a decline of production in any sector, but merely relatively slower rates of expansion in some. The Plan thus requires a large-scale investment programme. Over the five-year period a maximum of some 336 milliard Kčs will be paid out on investment, though a substantial portion of the amount—about 30 to 35 per cent—represents current maintenance items rather than new development, and will be met out of sinking fund contributions, i.e. will not be at the expense of consumption.

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* J. V. Stalin, *Problems of Leninism,* p. 399 (English ed.)—Tr.

The planned rise in living standards could not be achieved without this expansion and transformation of the economy, nor could living standards even be maintained at the present level. The traditional Czechoslovak export commodities, textiles, ceramics and glass, can no longer be sold abroad in sufficient quantity to defray the import of essential raw materials and food, required for the expansion of production and the maintenance of living standards of the population. Only a transformation of the Czechoslovak economy on the lines stated, will enable us to export the products for which there is a stable market (particularly in the countries with planned economies) and thus to make sure of the required volume of essential imports.

"If", in the words of the President of the Republic, *"we were to maintain the present unsatisfactory structure of industry, we should have to face the fact that our economy would become exposed to dangerous shocks, that we should be unable to secure its planned expansion, or to raise the general standard of living. The expansion and transformation of industry hence becomes the first condition of a rise in living standards. Such a transformation of the industrial structure will at the same time facilitate the future growth of Czechoslovak industrial capacity on a firmer and sounder basis. The expansion of the metal-working industry is essential not only in view of the altered situation in foreign trade: the metal sector must create the foundations for the expansion of our total productive capacity and for the modernisation of our industry as a whole, as well as for an increase of our defensive capacity."**

The Five-Year Plan must ensure not only the upward development of our industry, but also the constancy of that development. Nationalisation and a progressive perfection of the methods of economic planning will mean the final elimination of economic crises such as are inevitable in a capitalist economy. An intensification and extension of our economic cooperation with the USSR and with the people's democratic states will further make it less likely that the burden of a capitalist crisis might be transferred to the Czechoslovak economy. A basis was laid for the planned development of our economic relations with these countries during the period of the Two-Year Plan by the long-term economic agreements entered into, agreements which represent a more advanced form of economic collaboration. The goods exported by us under these agreements assist in the development of the planned economy of our partners, while our imports from these countries provide us with the prerequisites for our own economic growth. This cooperation serves to strengthen political as well as economic unity.

Viewed from this angle, the expansion and transformation of our economy may be seen as essential in order to enable us to provide those types of goods which will be assured of a market in the aforementioned states.

The Five-Year Plan aims at ensuring a speedy and constant growth of general economic activity, at a rate which in a capitalist economy occurs only during "boom" periods. Economic planning under socialism and within the framework of the people's democracy eliminates the internal contradictions of the capitalist system and thus assures the speedy and unhindered growth of the entire economy. The rate of growth of industrial production and of the national product envisaged in the Five-Year Plan, a rate equal to that which used to take place in capitalist economies in periods of maximum economic expansion and prosperity, is made possible in the USSR and the people's democratic states by economic planning.

The expansion of the Czechoslovak economy under the Five-Year Plan is expressed in the following basic indices:

Basic Indices of the Five-Year Plan

		1948	1953
National Income	Milliards of Kčs	210	310
	Per cent	100	148
Industrial Output	Milliards of Kčs	288	454
	Per cent	100	157
Capital Industries	Per cent	100	166
Consumer Goods Industries	Per cent	100	150
Agriculture and Forestry Output	Milliards of Kčs	94	108
	Per cent	100	115
Agriculture Output (not including forestry)	Milliards of Kčs	90*	105
	Per cent	100	116
Building	Milliards of Kčs	20**	46
	Per cent	100	230
Labour in Industry (not including artisan manufacture)	1000 persons	1362	1616
	Per cent	100	118
Persons engaged in Agriculture and Forestry	1000 persons	2207	2113
	Per cent	100	96
Permanent Labour in Agriculture	1000 persons	210	245
	Per cent	100	117
Labour in Building (including building workers in transport and public administration)	1000 persons	210	315
	Per cent	100	150
Labour in Transport	1000 persons	323	343
	Per cent	100	106

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* The 1948 output value in agriculture is given as the target planned by the Two-Year Plan, in order to exclude the distorting effect of the 1947/48 drought. The actual growth of output in agriculture over the five-year period will be 37 per cent.

** The value quoted by the "operative plan" is 29.2 milliard Kčs; the figure given (20 milliard Kčs) is an estimate of probable results.

		1948	1953
Productivity of Labour in Industry (per capita value)	1000 Kčs	211	280
	Per cent	100	132
Productivity of Labour in Agriculture and Forestry (per capita value)	1000 Kčs	43	51
	Per cent	100	120
Productivity of Labour in Building (per capita value)	1000 Kčs	95	146
	Per cent	100	153
Productivity of Labour in Transport	Per cent	100	130
Consumption per head of general population	Per cent	100	135

Total Investment over the five-year period:	Milliards of Kčs	336.2
Social Investment (social welfare, health, culture, education)		28.6

The total volume of industrial production will exceed the 1948 target by 57 per cent, or the production level in the years 1929 or 1937 (i.e. the best pre-war years) by about 60 per cent; the increase of the industrial product per head of population will be close to 80 per cent above pre-war.

The structural changes in *industrial production* which will be virtually completed in 1953, are best viewed in comparison with the pre-war position. Thus, production in the metal-working and engineering sector will exceed the pre-war level by about 130 per cent, chemicals by 90—95 per cent, iron and steel output by 64 per cent, and mining output by 59 per cent. On the other hand, production of the woodworking and glass industries will remain roughly at the pre-war level. Paper production will rise by 48 per cent, leather and rubber by 50 to 55 per cent, and textile and clothing by some 45 per cent. A comparison with the 1948 targets yields roughly the same picture: the steepest increase is registered by the metalworking and engineering sector with special emphasis on heavy engineering, power supply and the chemical industry, in that order.

In *agricultural production* the Five-Year Plan target involves an increase over the 1948 target (without taking the consequences of the 1947 harvest into account) of 16 per cent in terms of the gross value of the product or an increase of about 37 per cent over the volume *actually* produced in 1948. The Five-Year Plan further provides for a partial re-orientation away from crop to livestock production, for the purpose of improving the supply of higher-grade food products which are among the chief instruments of a higher living standard. The resultant structural change can, again, be best estimated by a comparison with the pre-war position: the value of crop production in 1953 will be more or less stable at the pre-war level, while in livestock production a substantial increase over pre-war will take place. The expansion of agricultural production and the structural changes outlined here, together with the mechanisation of agriculture and the increased electrification of the countryside will result in a reduction of overhead in agricultural production, will increase specific yields and reduce the farmer's labour; all this will contribute towards doing away with the distinction between town and country living standards.

In *building*, an expansion of the total volume of building construction on a broad basis is planned, the target figure for 1953 being some 130 per cent in excess of the (estimated) result for 1948. This represents a very substantial and difficult task for the building industry; its fulfilment will lay the basis for the further expansion of other economic sectors, the housing crisis will be solved step by step, both by means of new housebuilding and through the reconstruction of uninhabitable houses, whereby some 9.7 million square meters of new living area (flats) will be gained, as well as by improvements in equipment. The building industry itself, hitherto neglected, will be raised to a higher technical and organisational level and made more efficient by the introduction of modern production methods such as are customary in industrial production.

Transport. The 1953 target for rail transport is 100 million tons in terms of freight, i.e. an increase of 39 per cent over 1948. Road transport capacity will be increased further by 36 per cent in passenger transport, and by 39 per cent in freight haulage. The 1953 target for shipping is also substantially in excess of the 1948 result. The most important single condition for the realization of the Five-Year Plan as a whole is a raising of the productivity of labour to the extent provided for in the Act: i.e. by 32 per cent in industry, 53 per cent in building, 20 per cent in agriculture and 30 per cent in transport. A maximum effort will be required on the part of all workers to exceed these targets wherever possible. The proportion of the product which will either be set aside for investment purposes (which are the basis for raising the standard of living) or will be made directly available for consumption, depends entirely on the development of the productivity of labour. All contributions to progress in this sphere, such as proposals for the improvement of production methods or technique, and new inventions must be encouraged as much as possible.

Research. The expansion of the national economy envisaged by the Plan involves a series of research projects of the highest importance. Special attention will be paid to research during the five-year period. Research investments—for technical, economic and social (including health) research—are planned at 4.2 milliard Kčs, while current costs are estimated at about 2 milliard Kčs annually. The defects by which research has hitherto been hampered are to be removed by the building-up of an effective research organisation. The shortage of scientific and research workers is to be made good through the improvement of their working conditions and through the planned training of entrants for industrial and economic research.

Slovakia. The Five-Year Plan continues the policy of Slovak industrial development begun under the Two-Year Plan; in particular, it is aimed to multiply Slovak productive capacity, to raise Slovakia's position and significance in the economic life of the state, and the standard of living of the population. The economic expansion of Slovakia to be realised during the five-year period will be instrumental in bringing about an economic, social and cultural balance between the eastern and western areas of the Republic, and will strengthen the unity of the Czech and Slovak nations.

Within the framework of national economic planning, steps will be taken under the Five-Year Plan to raise the economic level of under-developed regions by means of their planned industrialisation, support of alternative types of economic activity, improving the transport system, and through other effective measures.

The anticipated growth of the national product, the expansion of the key sectors of the economy, and the raising of the productivity of labour will result in a rise in the material and cultural level of the people. Living standards will be raised primarily through growing social consumption and the expansion of social, cultural and health facilities connected therewith. The investment for this purpose totals 28.6 milliard Kčs; together with housing investment, the total social investment will be 67.9 milliard Kčs, i.e. 20 per cent of the global sum to be invested under the Five-Year Plan. As for private consumption, substantial improvement will be effected through an increase—as has already been stated—in the consumption of higher-grade commodities. Thus, during the five-year period, annual consumption of meat will increase by 289,000 tons, of pork fat by 67,000 tons, of milk and dairy produce (in terms of milk equivalent) by 22.5 million hectolitres, of eggs by 1 milliard, of sugar by 206,000 tons, and of wheat flour by 194,000 tons. Per capita consumption of textiles will grow approximately twofold during the five-year period; the output of footwear for the home market will be raised by 14.3 million pairs per annum. Total social and private consumption, which directly reflects development of living standards, will rise on an average by 35 per cent per head. It must be stressed again, however, that this rise in the standard of living is dependent upon a rise in the productivity of labour.

The success of this tremendous task, the fulfilment of the Five-Year Plan and its specific targets will demand the nation's entire strength and energy; it will demand a hard and unremitting struggle against all obstacles that may block our path; speedy and immediate rectification of all defects that may occur; and, it may be, personal and individual sacrifices.

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The Two-Year Plan was drawn up by the supreme planning authorities; the broad masses of the working population did not have an opportunity to bring their initiative to bear upon its preparation. In the second year of the Two-Year Plan there arose a broad movement of workers with the aim to fulfil the Plan prior to the official date for completion, or to exceed the target on the qualitative level, i.e. with less raw material, power or labour consumption than had been originally estimated. The

Plan, which never had been a dead letter of law, more and more became the motive force of all economic activity; from a complex of economic figures it became the goal and incentive of millions of workers. Increasingly the notion of planning becomes the affair of those who carry it into effect in workshops, mines, and offices. The masses of the working people know that in the people's democracy less and less of the profit accruing from their effort goes to capitalists; hence their interest and their share in the very creation of the plan and with it their efforts to fulfil and exceed it, are steadily growing. Rightly they identify the interest of the community with their personal interest. In the people's democratic order the law of profit and loss no longer decrees what and how much ought to be produced. Thus, the economic plan is replacing profit (eliminated by nationalisation) as the chief "incentive" in economic enterprise.

The Two-Year Plan has taught us that capitalist elements, in their endeavour to hold and extend the position of private enterprise in the economy, tend to undermine the implementation of the plan wherever possible, whether as private manufacturers, building contractors, wholesale or export-import merchants.

While it is true that in consequence of the events of February, 1948, the greater portion of this element was eliminated, it should not be forgotten that even such fragments as still remain are a destructive factor which must be eliminated from all sectors of the national economy.

This is essential if the plan is to rest on firm ground, if it is to be fulfilled not only in some, but in *all* sectors, and above all, if the workers' effort is not to be in vain. The plan's avowed aim is the raising of the standard of living of the working population: therefore no interference with the successful realisation of the plan on the part of capitalist interests in production or trade can be tolerated, and least of all, any attempt to deprive the working population of the fruits of their labour through the organised diversion of commodities to the black market or to illegal exports, as has so often been the case hitherto.

The Five-Year Plan will further strengthen and consolidate nationalised industry, increase its share in the national product and make possible a speedy growth of production and of the productivity of labour. At the same time it will continue the mechanisation of agriculture, in particular the mechanisation of field labour, and thus create the premises on the basis of which socially more advanced modes of production may be introduced, which alone are able to liberate small and medium farmers permanently from drudgery and low material and cultural standards. Backward small-unit modes of production, which are prevalent in our agriculture, are the chief cause of the inability of the broad masses of farmers to reach a level of working efficiency which is both possible and desirable. This becomes plain when we consider that a farmer may work harder and longer and yet get about one third of the return of a worker in a technically advanced industry. Thus the net per capita value of output in 1948 in industry was about 70,000 Kčs, while the same work in agriculture was worth only about 20,000 Kčs. The transition to socially more advanced modes of production is of special importance to small and medium farmers in their struggle against capitalist enterprise in agriculture. The success of this struggle, waged by the peasants with the financial and other support of the people's democratic government and all sections of the working population, will bring an improvement in the farmers' material status. In addition, this process, by making more food available in the market, will benefit urban consumers as well.

All these measures will contribute to the central significance of collective enterprise in the economy which is the only solid foundation of economic planning. Thus the Five-Year Plan becomes an important milestone on the road towards socialism.

The development of Czechoslovakia is being and will continue to be watched with equal interest by both friends and foes of nationalisation and socialism throughout the world. This interest is so great because here, for the first time, the means of production are being nationalised and socialism is being built in a country with a relatively high standard of living, a country which ranks with the ten foremost industrial producers in the world. The success of socialism in this country will give invaluable support and encouragement to progressive forces throughout the world.

III

PRODUCTION

A. Industry and Handicrafts

The Two-Year Plan set a twofold target, consisting of specific production targets for the various industries and production sectors, and the global task to step up industrial production as a whole to 10 per cent above the pre-war level by the end of 1948. Both these targets have been fulfilled.

The degree of fulfilment of the specific production targets by whole production sectors, was as follows:

	Rate of fulfilment over period January 1947 to June 1948 (per cent)
Industry (without food industry) total	101.1
mining	100.1
power	98.6
iron and steel	107.6
engineering	99.8
chemicals	93.7
glass	100.8
clay, stone and ceramics	101.6
paper	111.0
timber and woodworking	107.8
textiles and clothing	96.6
leather and rubber	111.8

Most industrial sectors exceeded their targets under the Plan; only the food industry, mainly in consequence of the

1947 harvest failure, fell short of its target (71.5 per cent in 1947, and 82.8 per cent in the first half of 1948).

Industry's global task, that of raising production as a whole (on an average) to 110 per cent of the pre-war level, will, in all probability, be fulfilled as indicated by the industrial production index—thus in May, 1948 production was at the level of 105.2 per cent of pre-war, as against 77.4 per cent in January 1947; the fall-off in the succeeding months may be put down to seasonal fluctuation.

Assuming 1937 = 100, we obtain the following index:

	Industry (not including food ind.)		Industry (incl. food ind.)	
	1947	1948	1947	1948
January	80.3	99.7	77.4	94.1
February	84.0	103.2	80.5	96.7
March	87.2	106.2	83.8	99.5
April	92.1	105.4	87.8	99.1
May	94.2	110.9	90.3	105.4
June	95.4	104.2	92.4	99.3
July	77.4	90.7	74.8	86.4
August	85.8	98.0	83.3	93.2
September	92.0	—	89.0	—
October	99.2	—	94.8	—
November	104.1	—	99.4	—
December	96.1	—	91.5	—

At the same time, the rate of growth is greater—as stipulated by the Plan—in primary industries than in the production of consumer goods. Up to May 1948, the index of capital production (i. e. mining, power, iron and steel, metalworking, chemicals and ceramics) had already risen to 126.4, while the index of production of consumer goods (i. e. glass, paper, wood-working, textiles and leather) had only risen to 90.2.

Assuming 100 per cent completion of the Two-Year Plan, the index of production in various industries would be as follows (1937 = 100): mining 118 per cent, power supply 233 per cent, iron and steel 110 per cent, engineering 130 per cent, chemicals 114 per cent, glass 87 per cent, ceramics 104 per cent, paper 92 per cent, wood-working 76 per cent, textiles and clothing 92 per cent, leather and rubber 104 per cent, food (processing) 86 per cent. In terms of output per head of population, industrial production will attain an average of 122 per cent of pre-war by the end of 1948, distributed as follows: coal 133 per cent, electric current and coal gas 262 per cent, iron and steel 123 per cent, engineering 146 per cent, chemicals 130 per cent, ceramics 117 per cent, paper 103 per cent, textiles and clothing 103 per cent, leather and rubber 117 per cent, glass 98 per cent, wood-working 85 per cent, and food (processing) 97 per cent.

The growth of the labour force in industry shews that in this economic sector the mobilisation of labour has been completely successful: between August 1946 and August 1948, 239,700 new workers entered industry.

The productivity of labour, however, only attained an average of 97 per cent of the pre-war level during the first half of 1948, so that attainment of the target (110 per cent of pre-war) remains a task of considerable magnitude.

Industrial production targets were attained in spite of the fact that the investment programme for industry was not completed. This circumstance is valuable in showing that fulfilment of the Plan was made possible by the exploitation of reserve capacity not taken into account (or not known) at the time of preparation of the Plan.

The successful realisation of the production aspect of the Two-Year Plan facilitates the transition to the Five-Year Plan, centred as it is almost entirely on industrial production. The industrial expansion programme under the Five-Year Plan rests on the following basic aims:

a) Expansion of industrial production. The gross value of production in 1953 is to be 454 milliard Kčs, i. e. 57 per cent more than in 1948, and output per head of general population is to exceed the 1937 level by some 80 per cent. The gross value of artisan production in 1953 is to be 59 milliard Kčs.

This task will be realised the more easily—as a result of altered political and economic conditions — since the share of private enterprise in industry, after the nationalisation measures carried out in consequence of the events of February 1948, has been reduced from 20 per cent to a mere 5 per cent of the labour force in industry.

b) Transformation of the industrial structure. The centre of gravity of industrial production is to be shifted towards the key sectors, in particular to the sectors: iron and steel, engineering, chemicals, etc., while within the various sectors, the production of capital goods (e. g. technical equipment in glass and ceramics manufacture, etc.) is to be given maximum emphasis. It should be stressed that these structural changes represent no sudden break with existing trends, but are merely a planned acceleration of a general evolutionary tendency which had been apparent already before the Great War 1914—18.

These structural changes will be accomplished by directing the bulk of capital investment to the key sectors. It should be pointed out that this policy must on no account involve a decline in the production of other goods; especially there must be no decline in commodity manufacture. On the contrary, specific production plans for the various industrial sectors clearly shew that in textiles and clothing, or in food (to take typical examples) the rate of growth is almost as great as e. g. in engineering, i. e. 70 per cent to 80 per cent; the difference consists chiefly in the fact that the expansion of commodity manufacture is to be effected through the utilisation of hitherto neglected reserve capacity.

The total growth of the industrial product under the Five-Year Plan will be distributed among the various sectors as follows:

Industry	gross value (milliards of Kčs)	Target 1953 output (1948 = 100)
Mining	17,769	135
Power	14,072	152
Iron and Steel	46,375	149
Engineering	92,270	193
Chemicals	35,083	162
Glass	4,590	112
Clay, stone and ceramics	12,115	159
Paper	9,880	141
Woodworking	12,520	126
Textiles and clothing	77,430	168
Leather and rubber	21,793	143
Printing, gramophone and films	5,241	136
Sugar refineries	10,240	117
Spirit distilleries	5,626	106
Beer breweries and malt	9,596	168
Flourmills	4,730	130
Food (processing)	61,811	179
Tobacco and salt monopoly	12,853	94

c) Labour direction. In order to ensure the fulfilment of the industrial expansion programme under the Plan, the labour force in industry is to be increased by some 254,000 persons, in artisan production by about 15,000 persons. At the same time, greater and more systematic care will be given to the training of workers, and of juvenile entrants in particular. In the allocation of labour (both of personnel already employed in industry and newly recruited under the Plan) the greatest care must be exercised so as to ensure maximum economy in the utilisation of the available labour force and so as to employ every individual worker at the right place and time.

d) Raising of the productivity of labour. Productivity in industry is to attain the average target of 30 per cent above the 1948 level.

Both in industry and artisan production, in addition to the fullest utilisation of mechanical equipment, increasing attention must be paid to the introduction of new production methods and the initiative of workers must be encouraged as much as possible. "Works competition" within and among enterprises must take its place as a true motive force for the attainment of production targets, the increase of labour productivity and the elimination of objective and personnel obstacles and defects in production. To this end, the closest possible cooperation of management in enterprises, Government departments and other institutions, with the employees' associations (trade unions) must be achieved on the basis of technical, organisational and socio-political measures.

So as to maintain the highest possible level of health among employed persons, safety and health conditions at places of work will be systematically overhauled and improved. Particular attention will be given to the problem of restricting and abolishing absenteeism, lateness at work and the particularly harmful phenomenon of fluctuation. Publicity drives and systematic schooling of workers will contribute to greater awareness of the significance of increasing production, raising the productivity of labour and accelerating the tempo of reconstruction.

Efficiency standards must be universally introduced and perfected. Tasks under the piece-work system will be improved by means of the training of efficiency experts, and the accuracy of targets will be checked throughout. Outstanding efforts will be encouraged, and all workers will be trained so as to achieve increased targets.

The participation of the broad masses of the working population in the preparation and implementation of the Plan will be extended and greater care will be given to the exchange of experiences in this field. Cadres for the direction and organisation of production will be enlarged by the inclusion of workers, existing cadres will be re-trained and a system will be evolved for the exchange of experiences and the submission of proposals for the improvement of production methods and technique.

e) Full utilisation of existing productive capacity. — Where all plant capacity is being used, increased production will be attained by means of investment. The planning of investment will include, in addition to development investment serving to the increase or, as the case may be, the expansion of production, allocations to the rationalisation and modernisation of production, as well as to maintenance overhead. The total industrial investment target under the Five-Year Plan is 131.9 milliard Kčs, of which 9.3 milliard Kčs will be allocated to the food (processing) industry. A total allocation of 1 milliard Kčs for constructional work for social purposes in enterprises is included in the investment programme.

The development plan concentrates chiefly on the engineering, power, metallurgical (iron and steel), mining and chemical industries, in that order, which together will receive 72 per cent of the industrial investment total.

f) Leading position of industrial exports in foreign trade. In order to fulfil the targets of the export plan under the Five-Year Plan, special attention must be paid to prompt deliveries, the maintenance and improvement of standards of quality, as well as the systematic and progressive reduction of production costs and overhead, so as to maintain our position in the world markets in face of increasing international competition. In view to the curtailment of import facilities, maximum economy must be practised in the consumption of imported raw materials and semi-finished articles, while the fullest and best possible use must be made of imported machinery and equipment.

g) Research. This must be given greater attention than hitherto, and various organisational and financial difficulties must be solved. One half of the total investment and a substantial part of maintenance expenditure allocated to research under the Five-Year Plan will go towards industrial research. This sector will also carry out a systematic geological investigation of all regions of the Republic with a view towards the discovery and further development of raw material deposits, etc.

h) The industrial target has been drawn up not so much in terms of individual industrial sectors, as with a view towards the requirements of economically backward areas, and the aim of the accelerated industrialisation of Slovakia, as well as to special problems of large centres of industry.

i) Artisan production. The Five-Year Plan deals with this as well as with industrial production. Artisan production supplements industry within the framework of our total economic structure to a valuable extent and in certain sectors—as in engineering (locksmiths, blacksmiths), in saddling and other auxiliary trades in agriculture, in carpentry, joinery and cabinet-making, in plumbing and other auxiliary building trades, in tailoring, bootmaking and boot repairing, and other small-unit commodity manufacture—plays an outstanding role in general economic enterprise. In this connection the Plan does not consider only manufacture, but also the requirements of repair and maintenance of production equipment and articles of daily use, where artisan trades play a particularly important role. In the fulfilment of these tasks an increasing part will fall to the cooperative form of enterprise both in manufacture and in trade.

1. Mining

The mining industry by virtue of its function of supplying industry with essential raw materials and ancillary materials, is one of crucial significance to the entire economy. In spite of the ravages sustained by the mines in consequence of war-time exhaustion of deposits and wear and tear of equipment, and in spite of manpower shortages, the reconstruction of the industry was carried out with all possible speed, to the effect that the rate of fulfilment of the Two-Year Plan over the period January 1947 to June 1948 was 100.1 per cent. The output of hard coal and brown coal (lignite) respectively increased during the first six months of 1948 as against the corresponding period of 1946 (1937) by 30 (15) per cent and 22 (36) per cent, respectively.

The Five-Year Plan continues the upward development begun under the Two-Year Plan. From 1948 to 1953 the gross value of mining products will increase by 35 per cent: the output of hard coal by 17 per cent, of brown coal (lignite) by 35 per cent, while the production of coke will increase by 62 per cent.

This increased production will be achieved on the one hand, by the fuller utilisation of existing equipment, on the other hand by a planned development programme. Aside from maintenance and renewal of worn-out equipment, the following capital investment will be carried out: mechanisation of seams, construction and equipment of new seams, sizing shops, washeries, dressing floors, and briquette plants, the equipment of a number of mines will be overhauled and augmented, the carbonisation of coal will be developed and other facilities will be introduced. The foregoing investments are to be carried out in soft-coal (lignite) mines in the Czech Provinces. Lead and silver plants will be reopened and extended, new ore and graphit plants will be established. A number of new pit-kilns will be established, coke-kilns in hard-coal mines will be re-equipped and both deepmining and opencast equipment will be supplemented. In Slovakia soft-coal (lignite) mines will be established and reconstructed, as well as iron-ore mines, washeries, dressing and roasting shops for Slovak ore, and certain ancillary types of mining (lime quarries, etc.) will be expanded.

The Five-Year Plan further provides for a comprehensive investigation of mineral deposits in the Czech Provinces and Slovakia, at a total cost of 1,483 million Kčs, as well as for additional research tasks at a total cost of 264 million Kčs.

With the growth of mining output the labour requirements of the industry will increase to a total of 146,100 persons in 1953, i. e. by 6 per cent as against 1948. In addition labour productivity is to increase under the plan by 11 per cent in the case of hard coal and by 20 per cent in the case of soft coal (lignite).—During the two-year period the mining industry laboured under a great shortage of permanent trained miners. Maximum attention will therefore be given to the training of young entrants, as well as to all facilities tending to make the industry more attractive, such as housing improvements, health services, recreation facilities, etc. The goal must be to increase the capacity and economy of work by replacing the present force of auxiliary workers by permanent professional miners.

The development programme in mining further includes the constant and systematic rationalisation and modernisation of deep-seam and surface equipment. Sectional targets will be set not only for output volume, but also for quality of products (i. e. sorting and washing of coal, etc.).

Hand in hand with the solution of output problems, measures must be taken to regulate the distribution and consumption of mineral fuel oils. Coal is a valuable raw material which should be utilised in a progressively increasing measure in the form of processed industrial products. The question of the marketing and processing of lignite and of the supply of coal for domestic heating must be viewed in connection with this overriding necessity.

2. *Power Supply*

The power industry is another key sector of the industrial structure; on the adequacy of its output very largely depends the planned expansion of all other sectors of the economy. In the preceding two-year period the total capacity of the power network was increased by 12 per cent over the level reached in 1946 and by 50 per cent over pre-war. The average rate of target fulfilment under the Two-Year Plan (period January 1947 to June 1948) was 98.6 per cent. Output of electric current was increased in 1948 by 35 per cent over 1946 and by more than 80 per cent over the pre-war level.

The Five-Year Plan envisages a further, accelerated growth of power capacity, which is planned to attain some 3,700 MW by 1953, an increase of some 35 per cent over 1948. The total consumption of electric power has been planned to reach 11,500 million kWh in 1953, of which 11,200 million kWh will be provided from home production, while the remainder 300 million kWh will be imported.

The gross value of power output in 1953 is planned to exceed the 1948 level by 52 per cent; the power derived from electricity is to increase by 50 per cent while the use of coal gas is to increase by 58 per cent.

The tasks of the Five-Year Plan in the power sector include further development and expansion since, in addition to the electric power system, planning in this sector covers the development of gas manufacture. The programme anticipates general European trends of development. The construction of large power stations at the power source is planned, particularly in order to ensure the utilisation of hydro-electric power and of waste-fuel, while in centres of current consumption power stations will be established only in exceptional cases. Further development includes the construction of a 110 kW long-distance network and of a 220 kW line for the purpose of facilitating cooperation between power stations on both a national and an international scale.

As regards the exploitation of regional sources of power, in addition to the hard-coal and soft-coal basins in the Czech Provinces and the hydro-electric potential of the Vltava and of the Slovak waterways, the lignite deposits of southern Bohemia, southern Moravia and Slovakia are of prime importance. The long-term industry projects therefore stress the construction of large-scale power stations at the power source, i. e. attached to mines. Plans made in this connection also include the distribution of current to consumers.

The establishment of local power stations in consumption centres will be considered only where the consumption of steam is ensured also. As regards the construction of hydro-electric power stations, these should prove useful in supplementing the steam power stations.

The investment programme further assumes the establishment and development—either at once or in several stages—of large-scale steam power stations and of a number of joint steam and hydro-electric stations, including the necessary distribution to local places of consumption.

The investment programme in this industry further envisages the electrification of some 2500 parishes and hamlets, 1000 of these in Slovakia. On completion of the Two-Year Plan a further 17,700 parishes and hamlets will be attached to the electricity grid, while on completion of the Five-Year Plan yet an additional 2660 parishes and hamlets will remain to be electrified, chiefly in less densely populated regions.

The gas sector's investment programme includes plans for the construction of long-distance conducting and distributing pipe-lines of 460 km total length. Through the introduction of long-distance conduits for the distribution of coal gas, a number of local gas works, many of which are largely out-of-date and wasteful in operation, will be eliminated, and the anthracite fuel burnt by these latter will thus be saved.

As for labour, the plan assumes an increase of the labour force in the industry of some 6200 persons, i. e. 14 per cent over the 1948 level. The value of output per worker in 1953 will exceed the 1948 level by 65 per cent in the electric power stations of the Czechoslovak Power Plants, National Enterprise *(ČEZ)*, by 22 per cent in the gas works of ČEZ, by 58 per cent on the whole, and by 12 per cent in works electric power plants.

3. *Iron and Steel*

This is one of the sectors which, in spite of considerable obstacles, fulfilled its target under the Two-Year Plan in an exemplary fashion. The production achievements in the foundry sector are all the more remarkable as they were obtained with largely out-of-date equipment which had suffered excessive war-time wear and tear and for which replacement was long overdue. The entire sector's average rate of fulfilment over the period January 1947 to June 1948 was 107.6 per cent. In the light of available information output of pig iron at the end of 1948 should exceed the 1946 level by about 92 per cent and the 1937 level by 2 per cent. Production of crude steel should in the same period exceed the 1946 level by about 70 per cent and that of 1937 by about 20 per cent.

Production targets under the Five-Year Plan and the general shortage of iron and steel, here and in the world market, brought about by large-scale development and post-war reconstruction requirements everywhere, urge our metallurgical industry to step up its output as much as possible during the five-year period. For these reasons, the Plan envisages an expansion of productive capacity by means of new capital investment, and a corresponding gradual increase of output. The foundries supply semi-finished products as a starting-point for further processing by the engineering industry (which has been saddled with a particularly onerous target under the Five-Year Plan) and hence constitute, together with the latter, the basis of industrial expansion under the Five-Year Plan. The overall target of iron and steel production in 1953 is 149 per cent of the 1948 level; output of pig iron, crude steel and rolling-mill products, respectively, will top the 1948 mark by 80 per cent, 45 per cent, and 48 per cent, respectively, i.e. 163 per cent, 153 per cent and 162 per cent, respectively, of maximum pre-war production.

The capacity of the foundry industry was fully utilised during the Two-Year Plan, so that a further growth of output is possible only by increasing the industry's capacity. It is for this reason that of the investment planned for this sector about 90 per cent represents capital development. Since development in this sector is largely a matter of the construction of large units, the results of the investment programme will not make themselves felt until the latter half of the five-year period, so that the production increase will be fairly small at the beginning. In order to make the investment show during the five-year period at all, the greatest possible amount will have to be spent in the shortest possible time; some three-quarters of the total sum will therefore be expended during the first three years of the five-year period.

Even though a large proportion of the development to be carried out under the Five-Year Plan consist in work undertaken in existing plants, rather than in the installation of new plants, this is because expansion and development under the Five-Year Plan is only an accelerated continuation of a long-term programme begun at an earlier date. On the other hand, a proportion of worn-out and out-of-date equipment will have to be replaced.

As for labour, gradual recruitment under the plan will result in a labour force of 95,000 persons in this industry in 1953, i. e. 25 per cent more than in 1948. The planned increase of labour productivity can be gauged from the output target which exceeds the increase in the labour force by a fairly wide margin.

Finally the plan makes due provision also for the collection and utilisation of old iron and other domestic scrap and waste material.

4. Engineering Industry

This industry is the pivot and focal point of the investment and development programme under the Plan. In particular the heavy engineering sector will be charged with the manufacture of a large proportion of the machinery required to make possible the expansion of the economy.

Already under the Two-Year Plan the task of the engineering industry was considerable in the field of the production of both capital equipment and consumer commodities. The average degree of target fulfilment under the Two-Year Plan (period January 1947 to June 1948) was 99.8 per cent. In view of the incomplete nature of the statistical data available, no full comparison of the individual types of manufacture during the period preceding the Two-Year Plan, or of the pre-war period with the Two-Year Plan is possible. On the whole, however, a remarkable upward development of production has taken place in the two-year period, as is shewn by production figures for the second year of the Two-Year Plan*:

Type of manufacture	1948 Output (first half-year)	Increase over first half of 1947 (per cent)
Locomotives	182	60
Sewing machines	53,021	over 50
Motor-cars	9,095	more than doubled
Motor-lorries	3,535	over 40
Tractors	4,689	doubled
Motorcycles	over 31,000	120
Bicycles	119,350	25
Agricultural machinery (in terms of money value)	733 million Kčs	30

The reconstruction of the metal-working industry during the Two-Year Plan represented a preparation, in the sphere of production as well as in the organisation and lay-out of the industry, for the Five-Year Plan, i. e. for its crucial role of providing the necessary prerequisites for the growth of production in industry and agriculture. Moreover, the industry's contribution to the planned increase of transport capacity, the expansion of building activity and to the growth of private and public consumption will be no less heavy or important. Czechoslovakia's foreign trade also makes increasing demands on the metal-working industry. The long-term economic agreements entered into with states with a planned economy provide for orders of a large variety of capital equipment which represents Czechoslovakia's contribution to the economic development of these states.

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* arranged in table form by Tr.

The total output of the engineering industry will be gradually stepped up so as to attain 193 per cent of the 1948 level in 1953.

As in the case of all other sectors, as much as possible of this expansion will be accomplished by a fuller utilisation of existing productive capacity. In addition to this, however, a large allocation of new investment is provided for in the plan, especially to the heavy engineering sector, which will receive an exceptionally large share of the total industrial investment programme. A substantial portion of this investment goes towards the industrialisation of Slovakia, while part of the total allocation will be used for modernisation of equipment, thus contributing to higher quality of all types of metal manufacture, as well es reducing production costs.

Greater economy of production and increased productivity and utilisation of raw materials will be materially assisted by the proposed gradual merging of foundries into larger units, specialising as far as practicable in certain types or sizes of castings, which will be effectively dispersed over the territory of the state in accordance with the policy of regional planning. New plants will be established only as and when the above conditions have been fulfilled.

In order to attain the industry's production target the labour force will need to be augmented. 142,000 new workers will gradually be taken into the industry during the five-year period. At the same time, the productivity of labour is to be raised to 35 per cent above the 1948 level. Although modernisation of production will partially contribute towards the greater productivity of labour, it will be necessary to perfect systematically all aspects of production; manufacturing layout and technique within works will be overhauled, the principle of quality inspection will be more fully applied, thus obviating the circumstances leading to scraps and rejects, and adequate supervision will be everywhere ensured by means of the furth[illegible] development of individual plant administration.

Considerable tasks also face the engineering industries in the field of research, chiefly in applied physics and mathematics, and in the plant and equipment manufacture in optical and precision engineering, foundry equipment, in mechanical engineering and the machine tool industry, in electrical engineering and airplane construction, in transport, agricultural machinery and the equipment of food processing plant.

The expansion of the metal-working industries, which is now beginning to show, will become increasingly apparent during the five-year period, chiefly in view of the fact that this sector will provide the bulk of our export trade, while the textile industry will be reduced to second place. The export of capital equipment will constitute the most important aspect of this drive. Markets for engineering products have for the most part been ensured through inter-governmental investment agreements.

5. *Chemical Industry*

The specific tasks assigned to the chemical industry under the Two-Year Plan gave to it the role of a key sector already in the preceding two-year period. The production and manufacture of certain important basic semi-manufactures— sulphuric acid, nitrogenous acid, ammonia, potash, soda, etc.—of artificial fertilisers, synthetic fabrics and other products had to be renewed and developed. The total degree of fulfilment of the target under the Two-Year Plan (expressed in a weighted average) was 93.7 per cent for the period January 1947 to June 1948. This relatively lesser rate of attainment was caused in part by the still unfinished task of post-war reconstruction, in part by obstacles encountered in the import of certain essential raw materials, as well as by other objective factors.

The targets set for the chemical industry under the Five-Year Plan should be considered in the context of the planned expansion of the Czechoslovak economy, and the expected development of foreign trade. The introduction of new types of manufacture based on local raw materials will be instrumental in this development. At the same time existing types of manufacture will be further developed, in order to satisfy the demands of the home market, and in certain cases those of the export market as well, in particular with the countries with planned economies. In this connection, the production of tar dyes, drugs and pharmaceutical products, synthetic fuels, nitrogen, plastics, mineral oils, paints and lacquers, synthetic fibres of all types, dry-distilled wood alcohols, and so forth, should be mentioned. The purpose of this extension of the range of chemical manufacture is above all to reduce our dependence on foreign products and thus to satisfy the home requirements of chemical raw materials and semi-manufactures for further processing by industry, for agriculture, or for direct consumption.

Total increase of output during the five-year period is to be 62 per cent over 1948. Thus, the production of rayon will be increased by 124 per cent, of soap by 147 per cent, of basic drugs by 105 per cent, etc.

More than 60 per cent of the industry's investment allocation will be expended on "new" investment in the types of production listed in the preceding paragraphs of this section.

The industry's labour force is to attain the number of 86,100 workers by 1953, i. e. an increase of 23 per cent.

An increase in productivity of more than 30 per cent is planned: per capita value of production is to be raised from 310,000 Kčs to 407,000 Kčs, or by 31 per cent.

6. Glass Industry

Glass manufacture has shewn a rising tendency throughout the Two-Year Plan in spite of unfavourable conditions which have been making themselves felt in this sector ever since the end of the recent war. It was—and still is—essential to re-establish contact with foreign markets which was interrupted by the war, to replace the transferred German workers and to develop the training of technicians. The glass industry's average rate of fulfilment of its target over the period January 1947 to June 1948 was 100.8 per cent. During the first half of 1948 the production of sheet ware grew by more than 10 per cent, that of hollow ware by 7 per cent over the corresponding period of 1947.

Under the Five-Year Plan production is to be further expanded, so as to satisfy both home consumption and fulfil the export target. The type of production will be shifted progressively towards technical glassware.

The total value of the product will grow during the five-year period by 12 per cent. Production in the Czech Provinces will be increased by only 7 per cent, whereas in Slovakia, as part of the industrialisation of that region, it will be raised by 128 per cent. As regards specific targets, increases are planned in the production of blown glass (14 per cent) and of glass ware (33 per cent). In the former case, the increase will be taken up by the growing manufacture of bottles, containers, and laboratory, chemical and technical ware; in the latter, a substantial production increase results from the proposed introduction of the manufacture of glass fibres. Only a negligible increase is proposed in the output of sheet glass, in consequence of the estimated decline in foreign trade in this branch.

Meeting the production targets in the glass industry is dependent upon certain essential investments, some 40 per cent of which consist in capital equipment. Specific investment projects under the Five-Year Plan include plants for the manufacture of laboratory glass ware in order to satisfy both the demand of the chemical and pharmaceutical industries and the great and growing export demand; the expansion of old or establishment of new plants for the production of fibrous glass, completion of a factory for the manufacture of structural and foam glass, completion of the conversion of the central coloured bottle factory and of the lighting appliances plant, rebuilding of the bottle, container, and structural glass works, completion of plant and equipment for the automatic manufacture of glass for light bulbs, etc.

The plan provides for an increase in the productivity of labour, and estimates that the per capita value of production will increase by 21 per cent over the 1948 level in the course of the five-year period.

In research it is anticipated that a number of problems concerned with the reconstruction and reorientation of the industry will be dealt with.

7. *Clay, Stone and Ceramics*

Under the Two-Year Plan the industry was given a high target in conjunction with the building industry; the average rate of fulfilment of the production plan over the period January 1947 to June 1948 was 101.6 per cent. In spite of this, however, only 60 per cent of the target figure had been produced by the middle of 1948, so that a further 40 per cent of the target remains to be fulfilled during the last six months of the two-year period. However, the production of the chief types of building materials was stepped up considerably during the two-year period; thus, in the first half of 1948, the production of bricks grew by 70 per cent above the 1947 level to almost 294 million, while that of roofing tiles grew by more than 30 per cent to 63.5 million.

Under the Five-Year Plan, the industry is called upon to fulfil increased production and development targets in conjunction with the growth of building activity.

The planned production increment over the five-year period is 59 per cent over the 1948 level; production of cement is to be increased by 64 per cent, rough bricks by 110 per cent, glazed bricks by 38 per cent, glazed tiles by 37 per cent, lime by 61 per cent, technical porcelain by 114 per cent, synthetic grinding media by 105 per cent.

Increased output is to be achieved both by fuller utilization of existing plant (which will be expanded and modernised to some extent), and by erection of new plant during the five-year period. Of the total investment in this sector, some 70 per cent will be spent on capital equipment. The following development is projected: in the Czech Provinces, a technical porcelain plant, several cement works, a utility china plant, a plant for structural earthenware, a glass brick plant, new lime-pits and several new brick works; in Slovakia, a cement works, two heat-resistant ware plants, several new brickworks and lime pits and completion of a glass brick plant.

In order to fulfil its target, the industry will require a total labour force of 106,000 persons in 1953, which will mean a slight increase over the 1948 level; this increase is not, however, as large as the planned increase in output, so that an increase in the productivity of labour will be necessary.

8. *Paper Industry*

The industry's tasks under the Two-Year Plan comprised specific targets for the production of cellulose, paper, cardboard and wood pulp. In spite of many difficulties, the industry on the whole over-fulfilled its target, the average degree of fulfilment (January 1947 to June 1948) being 111 per cent.

While the Five-Year Plan proposes to expand the paper industry's output further, it also assumes far-reaching changes both in the way of technological innovations and a general re-orientation in the use of paper. The industry's basic problem is the supply of its chief raw material, wood. Wood is one of the bottlenecks of the plan and it is essential that available supplies should be effectively husbanded and distributed among the various users,- woodworking, paper and chemical industries, and direct consumers. Far-reaching economies must therefore be effected, and the utilisation of hitherto neglected types of wood (such as beech) must be intensively furthered. In direct paper consumption also (i.e. packing and wrapping, tinder, etc.) greater economy must be observed, so as to make larger quantities of paper available for technical purposes, such as sodium-paper for production of bags, binder twine, and similar products.

The production increment planned to take place over the five-year period is 41 per cent over the 1948 level. At the same time, the plan prescribes economies in the use of soft woods up to 12.7 per cent. Specific targets above the 1948 level are: cellulose 25 per cent, paper 35 per cent, cardboard 49 per cent.

Investment will be devoted partly to development, partly to modernisation of the industry. Capital investment includes chiefly the erection of a new plant for the production of sulphate cellulose for the manufacture of cement bags and other types of wrapping papers, and the erection of two new plants using hardwoods for the production of viscose cellulose and cardboard. Other allocations are made to reconstruction and to economy measures and the rationalisation of manufacture.

The Five-Year Plan assumes the recruitment of 1,600 new workers, i.e. approximately 4.7 per cent of the 1948 level. At the same time an increase in the productivity of labour is foreseen, expressed in the planned growth of the value of production per worker from 196,000 Kčs to 265,000 Kčs, or by 35 per cent.

Research, chiefly in the field of cellulose, will aim particularly at the discovery of substitute materials for wood. A study of wrapping technique, in particular with a view towards wrappings used for food products will have to be carried out.

9. *Woodworking Industry*

Under the Two-Year Plan the industry was faced with the problem of using before they spoiled the surplus of logs left over from the German occupation. The industry satisfactorily fulfilled this task in the period 1947-48, when the basic targets were being exceeded. The industry's rate of expansion in 1947 was comparatively rapid in view of large timber stocks dating back to the war period, and also in consequence of fairly small consumption of timber by other industrial sectors. By 1948, however, a shortage of timber was felt as a result of the exhaustion of reserves and the growing demands of the home market. The industry's average rate of attainment for the period January 1947 to June 1948 was 107.8 per cent.

During the period of the Five-Year Plan an increasing shortage of timber must be reckoned with in consequence of the growing requirements of all consumers. At the same time, timber output will show a decline in proportion to the limited capacity of our forests and also in view of the need to make good the losses sustained by overproduction and exhaustion. The woodworking industry will therefore be faced with the necessity of conserving available supplies and economising in all uses of timber during the five-year period, chiefly by means of a maximum utilisation of available raw materials and of all waste timber for manufacturing purposes. Basically, the position is analogous to that of the paper industry.

In the industrial sector of this industry the value of the total product is to be raised by 26 per cent in comparison with the 1948 level. This increase will be divided among the Czech Provinces and Slovakia in a proportion of 10 per cent and 31 per cent, respectively. The increase of output will be achieved mainly in the production of plywood and veneers and other types of manufacture where timber consumption is relatively small.

In order to enable the industry to fulfil its target and to achieve the necessary economies in production and a fuller utilisation of waste products, it has been allocated a share in the investment programme; some 35 per cent of this will be spent on development. Of the whole investment, 40 per cent will be spent in the Czech Provinces and 60 per cent in Slovakia. These investments will be used for the rationalisation of production, the conversion of handicraft to industrial production, the centralisation and merging of wood mills, and development of the industry in Slovakia. In Slovakia the following plant is to be installed during the five-year period: an integrated woodworking plant (to be completed), a plant for the processing of hardwoods, a plant for the manufacture of wood-fibre boards and one for the manufacture of plywood and veneers; in the Czech Provinces a plant for the manufacture of wood-fibre boards is to be completed, an existing plant for the manufacture of bent-wood furniture is to be reconstructed, and a plant for the production of moulded wood is to be erected.

The manufacture of standardised furniture, which is to comprise 70 per cent of all furniture manufacture will be introduced and developed. Productivity of labour per worker in the wood processing industry is expected to increase by 31 per cent during the five-year period.

Wood and timber research is to solve the following problems, in particular: the fuller and more economical utilisation of timber and improvement of its structural qualities, the possibility of substituting softwoods for hardwoods, the utilisation of waste, and the introduction of substitute materials.

10. Textiles and Clothing

The textile industry, one of the main consumer goods industries, was faced at the end of the war with the difficult task of turning out a maximum quantity of textiles so as to satisfy the internal demand. The difficulty of this task can best be judged by weighing the greatly increased demand of consumers after long years of exhausted reserves and shortages, against the equally great bottleneck of raw materials and reconstruction of production, disorganised by war-time use. Production has not yet reached the pre-war level, and therefore the demand of consumers could not hitherto be fully met. It must further be remembered in this connection that a much greater portion of the total output is today earmarked for technical and other special use. In spite of these factors, however, the rate of attainment of the industry was on the whole satisfactory, the target being fulfilled (January 1947 to June 1948) by 96.6 per cent on an average.

The Five-Year Plan continues the policy of endeavouring to satisfy the demands of both private and public consumption at home, as well as the requirements of those sectors of industry and handicrafts which utilise textiles for further processing and the manufacture of non-textile products.

The total product of the entire sector is to be increased during the five-year period gradually by 68 per cent. The most important specific production targets are as follows, in terms of money value (millions of Kčs):

Type of manufacture	Output 1947	Target 1948	Target 1953	1953 Target in per cent of 1948
Cotton yarn........	4,378	4,887	8,508	174
Woollen yarn	4,249	4,308	6,625	154
Linen yarn	890	912	1,356	149
Cotton fabrics......	6,155	9,035	15,705	171
Linen fabrics	1,750	1,810	2,669	149
Silk fabrics........	690	910	2,681	295
Woollen fabrics	4,400	5,020	7,800	155
Knitwear and hosiery	2,670	4,566	9,789	214
Socks and stockings	1,490	4,566	9,789	214
Outer garments:				
men's and boys' ..	2,095	2,560	4,220	165
ladies' and girls'..	1,860	2,350	3,550	151
Work clothing......	330	500	960	192
Underwear:				
men's and boys' ..	1,060	1,240	2,270	183
ladies' and girls'..	450	610	740	121

The industry's target further comprises the task of raising the quality of the product to peace-time standards and of ensuring constant quality by means of progressive standardisation.

The investment needs of the textile industry are all the greater in view of the fact that it has been labouring under a protracted crisis from 1928 onwards, and equipment is worn and out of date; in addition, it suffered grave disorganisation during the war. Further development needs are involved in the industrialisation of Slovakia and that of economically backward areas in the Czech Provinces.

The chief investment projects may be listed as follows: in the Czech Provinces, the erection of a new wool carding plant, the development of weaving mills, completion of a cotton plant and establishment of a ribbon factory, reconstruction and re-equipment of weaving mills, spinneries, dye-works, dressing plants, etc.; in Slovakia, completion of a new silk weaving mill, cotton weaving mill and knitwear factory and of a factory for the manufacture of elastic goods, establishment of ready-made clothing plants, plants for processing and dressing of hides and furs, complete reconstruction and overhaul of finishing works, a weaving mill, carding plant, and spinnery for wool manufacture.

The textile industry is faced with important tasks in the rationalisation and modernisation of production, involving a far-reaching reorganisation, which is particularly essential in consequence of recent nationalisation measures.

In order to ensure the fulfilment of these targets the textile industry has been allocated a labour increment of 35,500 persons over the five-year period, of which 5,100 will go to the ready-made clothing industry; this means an increase of 15 per cent.

By comparing this percentage with the production target above, it will be seen that a substantial increase of the productivity of labour is assumed in the plan.

In textile research, attention will be paid to the investigation of sources of raw materials and the development of mechanical and chemical technological processes, with a special view towards the introduction and processing of new materials.

11. Leather and Rubber Industry

This sector—and in particular footwear manufacture—was faced at the end of the war with a similar task as the textile industry; as in the case of the latter, it has not yet been possible to saturate the market, though production of footwear has reached and even exceeded its target. The rate of attainment of the entire leather and rubber sector for the period January 1947 to June 1948 was 111.8 per cent, the highest reached by any industrial sector. In 1947, some 50.5 million pairs of shoes were produced, and in the first half of 1948, 32.5 million pairs. The raw material bottlenecks have been increasing during 1948.

Further expansion of output is provided for by the Five-Year Plan both in order to improve the supply on the home market, and to increase exports. The total value of the product of the entire sector will exceed the 1948 level by 43 per cent at the end of the five-year period; the output of hides will be increased by 36 per cent, of footwear by 37 per cent, of leather goods by 130 per cent of gloves by 9 per cent, of tyres by 64 per cent, and of other rubber products and plastic goods by 34 per cent. The task of supplying the home market is stressed chiefly; the target aimed at is an average annual consumption of footwear of 3.7 pairs per head of general population.

The greater portion of investments planned under the five-year period will be spent on maintenance, while only 40 per cent will be spent on further development and capital equipment. Work done under the development programme will include the expansion of tanning and footwear production and the development and completion of rubber and tyre producing plants and of a cord producing factory. A portion of the domestic cattle output will be used to improve the supply of raw hides. A final liquidation of this bottleneck may not however be expected for several years, until a higher output of hides and their import from the states with a planned economy can make itself felt.

The labour force in the entire sector will be increased during the five-year period by the gradual addition of 7,780 workers, so as to make a total of 66,600. The plan also assumes an increase of labour productivity.

12. Printing, Gramophone and Film Industries

None of these three industrial sectors, which are part of the competence of the Ministry of Information and Public Culture were given specific targets under the Two-Year Plan, so that their activity is now being planned within the framework of the general production programme for the first time.

Since the second stage of the nationalisation drive the reorganisation and reconstruction of the printing industry has become acute, particularly the problem of merging dispersed small production units. It is planned to increase output during the five-year period by 18 per cent over the 1948 level; investments in this sector are designed for reconstruction purposes and thus do not materially affect the productive capacity of the industry.

The gramophone industry shews the greatest relative rate of growth under the plan, 480 per cent, which is due to the fact that this sector is being built up from very small beginnings; this production programme comprises, apart from the production of gramophone recordings proper, also the supervision of the improvement of recording technique and of reproduction apparatus, so that in the course of the five-year period it should be possible to supply a sufficient quantity of gramophones of high quality and at a reasonable price.

The film industry aims at increasing the output of full-length feature films from the original 20 (1947) to 56 in 1953. The production of cartoons and puppet films will be doubled from 13 to 26. In addition, both sectors of the industry endeavour to ensure a higher technical level of film production and reproduction; the reconstruction plan of the film industry provides for the planned extension of the cinema network and the equitable distribution of cinemas, in particular by the establishment of new cinemas in the countryside and in new industrial settlements. The total relative increase of the industry's output over the five-year period is 56 per cent.

13. Food Industry

The disastrous drought of 1947 upset our hopes for improving the food situation. The results obtained in the various sectors of the food industry are a reflection of that fact; the extent of the damage varies in proportion to the extent by which the failure in agriculture deprived the industry of raw materials. The industry's total production target was fulfilled only to 71.5 per cent in 1947; the rate of attainment improved somewhat in 1948, and reached 82.8 per cent in the first 6 months of this year.

The Five-Year Plan assumes not only a normal but an increased agricultural output and thus an expansion of food processing as well.

Sugar Refineries

Production of refined sugar will be increased during the five-year period by 17 per cent above the 1948 level, the production of molasses by 16 per cent. The gross value of the total product will increase by 17 per cent.

Investments to be carried out in the sugar-refining industry during the five-year period are concerned with reconstruction and maintenance rather than with new development.

The standard of labour productivity reached by the industry in 1953 will be 33 per cent above the 1948 level.

The nationalisation of the industry's entire production sector provides an opportunity for structural reforms during the five-year period, chiefly designed to ensure a correct distribution of individual processes and types of manufacture, and a maximum economy in all branches of activity. The new collective character of the sector provides a basis for the increasingly economical utilisation of the means of production, by means of a vertical organisation and coordination of branches of manufacture which are close to the sugar refineries in term of raw materials, power, labour and transport.

Spirit Distilleries

The chief task of this sector is the supply of sufficient quantities of alcohol, which is assuming increasing importance in other industrial sectors and in motor transport; a portion of the output particularly in agricultural distilleries consists in the manufacture of high-grade stock foods in the form of by-products.

The volume of production planned for 1953 will suffice to cover the greater portion of the demand. The total value of production will grow by about 6 per cent above the 1948 level. Investment will be concerned with maintenance primarily, but will comprise the reconstruction of a number of agricultural distilleries, the erection of potato storage plants and facilities for the utilisation and cleaning of waste water.

Beer Breweries

The quality of both chief products of this sector, beer and malt, will be improved during the five-year period. The quality of malt at present produced is not satisfactory, chiefly in view of the fact that, due to the shortage of imported fertilisers and the exhaustion of the soil, it has so far proved impossible to grow barley of pre-war quality, i.e. with a low malt-albumin content.

It has been impossible so far to regain the pre-war quality of beer since barley has largely been used for fodder and deliveries to breweries have not been adequate.

The Five-Year Plan aims to ensure a constant supply of raw materials. A barley crop area of 685,000 hectares is planned for 1953; 33 per cent of the estimated harvest of this area, or some 416,700 tons of barley are to be set aside for further processing. This quantity is to cover both the malt export target and the volume required by the breweries to produce beer of normal strength. The targets aimed at represent an increase in the value of production in 1953 (as compared with 1948), of 186 per cent in malt production and of 48 per cent in beer brewing.

Investments under the Five-Year Plan are concerned with maintenance chiefly; in Slovakia, however, some capital development is envisaged, since there the capacity of existing breweries is to be expanded and the previously discontinued brewery at Nitra is to be restarted.

Additional labour to be recruited during the five-year period will represent an increase of 18 per cent over the 1948 level.

Flourmills

The entire flourmill output during the five-year period will be consumed in the home market. The planned production of edible milling products of wheat and rye flour will decline during the five-year period to 91 per cent of the 1948 level; this decline is explained on the basis of the planned increase of meat and milk (including milk products) consumption. The degree of milling will be reduced from 80 per cent in 1948 to 75 per cent in 1953. The estimated value of the total industrial flourmill output will exceed the 1948 level by 30 per cent.

The basic problem of the flourmilling industry is the excess productive capacity of the industrial and small-scale artisan mills. The rate of utilisation in 1948 represents in the case of industrial mills 25 per cent, and in the case of artisan mills 16 per cent of capacity; the optimum rate would be 42 per cent and 25 per cent respectively. Excess annual capacity in the case of industrial mills equals 820,000 tons, in the case of artisan mills 3,690,000 tons, i.e. a total of 4,510,000 tons. The restriction of this excess capacity, which is part of the Plan in this sector, will lead to a much more economical working of the mills.

In view of the inflated character of milling production only the most essential reconstruction and electrification measures will be carried out. No capital investment is foreseen in this sector.

Food Processing

The development of the food processing industry is governed by the consideration to reduce drudgery in household and collective catering establishments, in that it is aimed to place on the market ready-cooked or semi-prepared food products of high-grade quality and under perfectly hygienic conditions.

This basic aim implies the direction of investment to certain types of manufacture, in particular the processing of milk products, canning of fruit and vegetables, refrigeration, production of ready-for-use pastry and flour products, etc. The Five-Year Plan envisages the discontinuation of communal abattoirs and the establishment of district or area slaughter houses as answering to the fundamental requirements of economy and hygiene.

The total value of production in this sector will increase during the five-year period to 79 per cent above the 1948 level.

The following capital investment projects are planned during the five-year period: the erection of 2 bakeries in Slovakia and 1 in Prague, of 1 sweets factory at Opava and the completion of 2 sweets factories in Slovakia and of 1 in Prague, the erection of 3 fruit-juice plants in the Czech Provinces and of 1 in Slovakia, the further development of margarine works in the Czech Provinces and in Bratislava, the erection of 18 dairies in the Czech Provinces and 17 dairies and 9 cheese processing plants in Slovakia, the development of a number of meat processing plants in the Czech Provinces, the erection of 4 deep-freezing plants in the Czech Provinces and of 2 in Slovakia, the development or establishment of 17 slaughter-houses, various construction investments of the tobacco and salt monopoly, the development of a central food industry research institute, etc.

Labour requirements of the food processing industry in order to fulfil the targets set under the Five-Year Plan are 14 per cent above the 1948 level. New labour requirements in sectors which are to be strongly developed in the five-year period (dairies, meat processing plants, deep-freezing plants, abattoirs, etc.) will be partly compensated by the transfer of workers rendered redundant in other sectors in consequence of the merging of plants and greater concentration and mechanisation of production, etc.

The leading tasks of research in this sector will be centred in a joint research institute under the direction of the Ministry of Food and will be governed by the aim of raising the standard of the Czechoslovak food industry progressively and systematically so as to approach the highest world standard.

B. Agriculture and Forestry

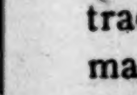
The task of agriculture under the Two-Year Plan was, primarily, to make good the damages inflicted by the war and the German occupation and to raise the level of production to pre-war volume in order to ensure the nation's food supply. By means of sharing out confiscated land and revising the first land reform a change was effected in the ownership of land in favour of landless peasants and smallholders; the electrification of the countryside and mechanisation of farming was developed and other generally beneficial facilities were introduced; in forestry the injuries inflicted on timber by pre-war and war-time pirate economy were made good to some extent.

The degree of fulfilment of the targets set by the Two-Year Plan needs to be considered separately in 1947 and in 1948. The sowing target was almost completely realised in the first year of the two-year period but because of the disastrous drought of that year, the harvest target was not fulfilled. Harvest figures for the chief crops were: cereals 67 per cent, fodder grains 73 per cent, potatoes 48 per cent, and sugar beet 50 per cent of the target. The 1948 crop was sown only with the greatest difficulty, and the 1948 harvest itself is estimated as follows: bread cereals almost 100 per cent, barley 90 per cent, oats 101 per cent, sugar beet 87 per cent of target. The harvest failure of 1947 brought in its train a number of grave difficulties in food supply in particular in all cereal and vegetable foods, in cattle breeding and indirectly in other sectors of the national economy. These consequences are still making themselves felt in 1948. The planned number of livestock could not be maintained and on July 1, 1948, were below target by the following percentages: horned cattle 14 per cent (cows 10 per cent), pigs 24 per cent (sows 15 per cent). This state of affairs which is due directly to the 1947 drought will continue to make itself felt during the first few years of the Five-Year Plan, particularly in livestock.

Nor was it possible to supply the agricultural sector with the required permanent labour force, so that it became and continues to be necessary, particularly during harvest periods, to give additional aid by means of farmers' mutual self-help and by voluntary citizen's assistance schemes (brigades).

Remarkable progress was made, on the other hand, in the mechanisation of farming. Total agricultural machinery furnished during the two-year period comprised 10,000 tractors, 12,700 tractor-drawn ploughs, 19,000 mowing machines, 5000 binders and 9000 milking machines, in addition to a large number of other machinery and auxiliary equipment. The quantity of mechanical equipment operating in agriculture at the end of the two-year period comprised 22,000 tractors, 20,000 tractor-drawn ploughs, 110,000 mowing machines, 25,000 binders and roughly 9000 milking machines. All this brought about a sensible change in the technical aspect of the farmer's labour, making it not only more efficient and productive, but also less onerous.

Under the Five-Year Plan, the central task of agriculture is to ensure, through intensified and more economical



production, a qualitative improvement of the food supply. This is to be accomplished chiefly through intensified animal production based on an extension of the forage basis. Outstanding attention will be given to the continued development of the electrification, mechanisation and general technical equipment of agricultural production and of the countryside as a whole. The aim of these measures is, in addition to and at the same time as the increase of the real agricultural yield, also more profitable and increasingly economical agricultural production, a reduction of the difference between the productivity of labour in agriculture and industry, the narrowing of the cultural gap between town and country, a reduction of the drudgery of the country housewife and hence an improvement of the prerequisites for raising the cultural level of the countryside.

In the field of agriculture, as in all other sectors of the economy, relations with the USSR and the other people's democracies will be intensified and mutual economic cooperation will be expanded.

The production target for agriculture under the Five-Year Plan provides a total value of production (in 1953) 37 per cent above the abnormally low 1948 level, i. e. 16 per cent above the 1948 target under the Two-Year Plan. The value of plant production will be raised by only 11 per cent, and will not exceed the pre-war level, while the value of animal production will be raised by 86 per cent, and will thus exceed the 1937 level by a wide margin. These figures very plainly indicate the changing structure of our agriculture; while to-day the shares of plant and animal production represent 65 and 35 per cent of total output respectively, at the end of the five-year period this proportion will have altered to 52 per cent and 48 per cent respectively.

The special emphasis laid on livestock breeding is expressed in the sowing plan by an increase of the fodder crop area at the expense of cereals, thus continuing a policy which had been evident already under the Two-Year Plan. This policy will be upheld even at the cost of a possible import of bread grains, since an assured supply of fodder in sufficient quantity is one of the basic premises for the development of livestock breeding. The production increase in this sector is to be attained through a greatly increased utilisation of cattle and other domestic animals rather than through an increase in number of livestock, which will be comparatively small.

The re-orientation of agriculture towards an intensive, high-grade animal economy is reflected in crop production by the planned decline of the bread grain area, a relatively smaller increase in the fodder grain area, but chiefly in the substantial increase of the forage crop area. The increased forage requirements however will not be met so much by an increase in crop areas, as by means of an intensified and higher quality cultivation. It is our basic aim to ensure the quality of fodder and progressively increase and improve feeding, in particular during the winter months. Intensified animal production further results in an increased and improved output of shed manure, which, in combination with increased allocations of fertilisers leads to greater yields of all types of crop, thus making possible a more intense utilisation of fodder crops. In the case of other crops the chief aim is to maintain crop areas and relative yields and raise them where possible. In the case of vegetables, production will be adjusted to the rate of consumption.

No less attention is being paid under the Five-Year Plan to fruit-growing and viniculture, the products of which, in adequate quantities, will serve to bring variety to the home market. The erection of storage for potatoes and drying sheds for fodder plants, of canning plants for fruit and vegetables will contribute to the creation of reserves of farm produce and will facilitate the transfer of excess produce to seasons during which the supply is inadequate.

In addition to the measures outlined above, further technical and economic measures, necessary for the attainment of the targets set, are being envisaged under the Five-Year Plan. Chief among these are investments, for the main part devoted to increased mechanisation. The investment total for agriculture and forestry under the Five-Year-Plan amounts to 26.8 milliard Kčs, of which 15 milliard Kčs are to be spent chiefly upon mechanical equipment, while a further 11.8 milliard will be used in building construction. Chief among mechanical equipment are the following: 30,000 tractors, 33,000 tractor-drawn ploughs, 60,000 mowing machines, 30,000 binders and 20,000 milking machines.

The plan foresees an increase in the permanent labour force, necessary for dealing with the increase in animal production; at seasonal peaks assistance by the broad masses of the population will however continue to be necessary.

The increase of agricultural production and the raising of the productivity of labour in agriculture involved thereby will be brought about not so much through the supply of mechanical equipment to individual agricultural enterprises, but chiefly through the further extension and development of the system of communal tractor stations and equipment cooperatives. State-owned and controlled machinery stations, and farmers' cooperatives are instrumental in paving the way for a transition to socially more advanced modes of production in agriculture. Farmers' equipment cooperatives serve in the first place the interests of small and medium farmers and must not on any conditions, not even under the guise of cooperative enterprise, develop into a means of exploitation.

In order to attain the Five-Year Plan targets agronomical research will be necessary which will plan crops with regard to regional* and local conditions such as climate and soil conditions. The afforestation and grassing-in of especially the mountainous border districts will also be continued. The Five-Year Plan further includes specific targets for the improvement of climatic conditions in certain areas (southern Moravia, southern Slovakia, the non-afforested region Žatec—Prague—Kolín—Pardubice) by means of the planting of forest belts, windbreakers, the establishment of fisheries, and so forth.

The cultivation of individual crops will be regulated in accordance with production types and subtypes. The choice of varieties will be limited to those of highest quality and best suited to specific areas. The varieties at present allowed will be re-investigated and unsatisfactory specimens will be eliminated. For specific production types and sub-types new high-grade and high-yield varieties will be selected. This regional distribution of species and varieties will be gradually introduced in the majority of crops as and when required by the increasing specialisation of cultivation.

All these measures will contribute towards attaining the fundamental aim of the Five-Year Plan: to ensure and maintain a high standard of popular nutrition, to raise the productivity of labour in agriculture, to ease the drudgery of the country woman, and thus gradually to eliminate the distinctions between town and country. In achieving these aims, the Five-Year Plan in agriculture thus aims to contribute to the closer unity of the workers, peasants, the working intelligentsia and the urban middle classes.

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* *"Region"*—largest local government unit under the new (1949) administration scheme (Parishes, Districts, Regions), roughly equivalent to British *"County"*; should not be confused with current English use of term, as in "planning region".—Tr.

1. Crop Production

As has been stated, it is one of the purposes of the Five-Year Plan to emphasise livestock breeding, while the cultivation of field crops will be progressively reduced. This tendency will be reflected in a reduction of bread grain areas, and a corresponding increase of the areas given over to the cultivation of feed grains, late potatoes, sugar beet and fodder plants so as to aid the planned growth of livestock breeding. This structural change in the crop areas will not however be reflected to the same extent in the amounts harvested. In consequence of the planned increase of yield per hectare, the estimated yield of bread grains will not be reduced as much as might appear from the restriction of crop areas.

This planning really brings us towards the rebuilding of our agriculture on a new economic basis; a development which has economic advantages particularly from the point of view of the individual farmer. From the viewpoint of national economics, it is certainly of great advantage and highly profitable—even at the expense of some cereal imports—to restrict cereal production, and, by means of more intensive high-grade livestock breeding to eliminate the necessity of the import of meat and other animal produce. The individual farmer also stands to profit more by the superior market for animal produce. The extension of fodder cultivation is thus the foundation of increased animal production.

The gross value of crop production will rise during the five-year period by 11 per cent.

Sown areas for individual crops are planned as follows:

	Planted area (1000 hectares) 1948	1953	± (per cent)
Wheat	818.6	795	— 2
Rye and mixed grain	698.0	560	—20
Barley	616.3	685	+11
Oats	587.9	615	+ 5
Maize	123.1	125	+ 2
Legumes	45.6	52	+14
Potatoes	604	640	+ 6
Sugar beet	186.1	190*	+ 2
Oil crops	80	77	— 4
Oats and vetches	66.1	68	+ 3
Fodder crops	3,300	3,514	+ 6
Tobacco	7	7	—
Hops	8.9	9	+ 1

The planned reduction of the sown area of cereals, in particular of rye, can be compared from the above table with increased planned cultivation areas of fodder grain, chiefly barley, and forage crops. The small reduction in the oil crop area (4 per cent) will not shew in the estimated yield which, on the contrary, as a result of increased per hectare yields, will increase by 43 per cent.

Specific yield is planned throughout at a higher level than has been the case hitherto. The new targets may be compared with 1948 yields from the following table:

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* In view of the increased part played by sugar, particularly for export purposes, the cultivation area will continue to be increased by 10,000 hectares annually as from 1950.

Planned Yield per Hectare (100 kg)

	1948*	1953
Wheat	17.6	19.6
Rye and mixed grain	16.8	17.8
Barley	17.6	18.5
Oats	17.3	18.5
Maize	22.5	24.0
Legumes	12.2	12.5
Potatoes	124.4	152.4
Sugar beet	253.6	291.6
Oil crops	6.0	8.9
Oats and vetches	12.3	17.5
Hops	15.0	17.0

As may be seen, the greatest increases in specific yields occur in cereal crops in the case of wheat, in root crops in the case of potatoes and sugar beet.

Increased yields per acre, resulting from the selection of suitable soil for the cultivation of individual crops in accordance with agronomical research, improved methods of cultivation, increasing mechanisation and plentiful manuring, the employment of selected seed, the biological protection of crops against pests and disease, and various other measures, will fully make up for the reduction of cultivated area in the case of certain crops, so that the harvest estimates are everywhere in excess of present levels. Harvest targets at the end of the five-year period for individual crops are as follows:

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* Reduced targets.

	1,000 tons		
	1948*	1953	± per cent
Wheat	1,440.8	1,558	+ 8
Rye and mixed grain	1,172.7	1,000	— 15
Barley	1,084.8	1,266	+ 17
Oats	1,017.1	1,137	+ 12
Maize	277.6	300	+ 8
Legumes	55.3	65	+ 18
Potatoes	8,001.8	9,755	+ 22
Sugar beet	4,719.2	5,540**	+ 17
Oil crops	48.0	68.6	+ 43
Oats and vetches	81	119	+ 47
Fodder	5,954	12,803	+115
Chicory	71	86.5	+ 22
Hops	6.7	7.6	+ 13
Paprika	1	1.8	+ 80
Tobacco	11.2	11.2	—

The changed structure of crop cultivation again shews most clearly in the increased output of fodder plants.

In order to ensure the estimated yields, the plan assumes the production of selected seeds in sufficient quantities for home requirements as well as for essential international exchange.

Specific targets under the plan also make sure of adequate supplies of synthetic fertilisers. In 1953 a total of 45,400 tons of nitrate fertilisers, i. e. almost 40 per cent more than in 1948, and 68,000 tons of phosphate fertilisers, i.e. 40 per cent above the 1948 level will be used. Potassic fertiliser consumption will amount to 43,000 tons or about 30 per cent less than in 1948, while the consumption of lime will remain constant at 150,000 tons annually. By means of the inclusion of planned quantities of nutriants in artificial fertilisers the mutual ratio of nitrogen, phosphoric acid and potash will be regulated at 1:1.5:0.8, which is in accordance with the results of agronomical research as best suited to local agricultural conditions. In addition to the aforesaid quantities of artificial fertilisers, sufficient quantities of pesticides and insecticides will be supplied to farmers.

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* Reduced targets.

** Not including yield of additional cultivated area of 10,000 Hectares.

In the sphere of vegetable cultivation the plan regulates cultivation areas and harvest targets in accordance of the experiences gained during the two-year period. It should be borne in mind however that in conjunction with the planning of vegetable cultivation the manner of marketing must be so regulated as to ensure speedy delivery and distribution to consumption centres.

In fruit growing and viniculture the Five-Year Plan foresees in particular an extension of the area of fruit and vine nurseries. The increase of the production of rootstock will be coordinated with the production of stock for planting out; this latter will not take place to any great extent till 1953, in which year some 3.5 million fruit-trees and 1.5 million shrubs are to be planted. The number of fruit-trees is estimated to increase during the five-year period from 40 to 45.5 million, i. e. by 14 per cent, while the number of shrubs will be increased from 11.6 to 13.1 million, i. e. by 13 per cent. In viniculture the maximum effort will be focused on the renewal of aged cultures, which corresponds to the annual re-planting of about 1/40th of the total vineyard area. For the purpose of this replanting an annual supply of some 4.5 to 5 million grape seedlings is required. The vineyard area will be increased during the five-year period from 18,900 hectares to 19,300 hectares, i. e. by 2 per cent.

The consumption of bread grains will not be entirely covered by the planned volume of production, and will have to be supplemented by wheat imports, the quantity of which will continue to rise until 1952 and thereafter decline. On the other hand, a growing volume of malt exports is being assumed, since malt production shows an upward tendency. Exports of sugar are also planned and therefore the area planted with sugar-beet will be increased during the years 1950 to 1953 by 10,000 hectares annually. Exports of hops are being assumed, with a tendency to increase during the five-year period. The export of an excess of the potato crop, chiefly early potatoes, may be assumed.

The food supply plan is based on the assumption that the delivery and distribution of agricultural produce will be further developed and intensified through the operation of public distribution particularly in Slovakia.

2. *Livestock Production*

The Five-Year Plan places increased emphasis on livestock production. The necessary pre-requisites for this increase are being brought about, particularly in the changes in the structure of crop cultivation outlined in the preceding section. Breeding of domestic cattle and output of animal produce will be so developed as to ensure the supply of the population with high-grade animal produce. From the economic point of view the changes effected in the agricultural structure will be of considerable benefit in that they will increase the basis for home production of livestock and animal produce and thus reduce dependence on imports, particularly of fats. The prevailing shortage of fats is world-wide. At the same time the change-over from crop cultivation to livestock breeding will make farming more profitable for the individual farmer.

The extent and scope of the livestock production programme is defined on the one hand by the number of domestic livestock, and on the other hand by the way in which they are used. Both are comprised in targets specified under the plan. As for quantity of domestic livestock, the specific targets are as follows:

	(1000 head) 1948 (as of July 1)	 1953	Increase (per cent)
Horned cattle	3,446	4,400	28
dairy cows	1,881	2,350	25
Pigs	2,671	4,050	52
sows	354	500	41
Poultry	13,000	18,500	42

It may be noted that the rate of increase is greater in the case of hogs than in the case of cattle. This arises from the biological nature of each type of animal and from the attempt to achieve the maximum supply of meat and fats. A very considerable increase in the number of poultry, chickens in particular, is also governed by considerations of supplying the market with eggs and poultry. The number of horses is to be reduced in keeping with the mechanisation of agriculture; at the same time this measure will make more fodder available for the feeding of other types of domestic animals.

The chief condition for the increased breeding of domestic livestock is an adequate supply of fodder. Hence local conditions for the production of fodder are being improved; in addition, the plan envisages imports of certain special types of fodder (in particular fish and meat meal, and other stock foods) which are not produced here. The plan further prescribes specific targets for the improvement of feeding technique and the economical utilisation of fodder (i. e. preservation by means of silage, drying, etc.).

Of far greater significance than the increase in the number of animals is the planned increase in their quality, chiefly heavier fattened animals for slaughter, increase in milking capacity of cows, and in the laying capacity of hens.

The output of animal produce will be stepped up during the five-year period by a total of 86 per cent. For the purpose of fulfilling the specific production targets, the following sizes of herds and live weights of animals for slaughter, or, as the case may be, output of other animal products, have been specified:

	1948	1953
Animals fattened for slaughter *(1000 head)*:		
horned cattle	603	856
pigs	3,520	4,419
Slaughter weight of animals *(kgs)*:		
horned cattle (each)	400	427.5
pigs (each)	80	115
Meat production *(1000 Tons live weight)*:		
beef	241.2	365.9
pork	281.6	497.5
Dairy production *(Million hectolitres)*	21.72	46.95
Egg production *(Million)*	920	1,967.5

Production of beef, pork, milk and eggs will be stepped up gradually during the five-year period by 52 per cent, 77 per cent, 116 per cent, and 114 per cent, respectively. To these figures should be added breeding of calves, which is planned so that the 1949 number of 1,470,000 will be increased over the five-year period to 1,645,800. The number of calves slaughtered annually will grow from 613,300 in 1949 to 724,900 in 1953.

The fulfilment of these targets is possible, since in the breeding of pigs the consequences of the drought of 1947 are likely to be speedily overcome; the number of horned cattle, too, will gradually be replenished. Increased production of fattened hogs and the improved milking capacity of cows will help to overcome the chief bottleneck of the food supply—the shortage of fats. Despite these improvements in domestic production we shall continue to be dependent on imports for a portion of our fats and oils.

Improvements in the milk supply will be obtained both by increases in the number of dairy cows, and by planned increases in milking capacity, which, again, is conditional upon correct and adequate feeding and the suitable equipment of sheds. An increase in milking capacity of up to 66 per cent above the level planned for 1948 is envisaged over the five-year period. Production of eggs is similarly conditioned both by increases in the number of layers and by increased laying capacity.

3. *Mechanisation of Farming*

The fulfilment of the tasks of the Five-Year Plan in agriculture requires the creation of specific technical, economic and organisational premises. Chief among these pre-requisites is the realisation of the investment programme, which is for the most part concerned with mechanisation of production. The distribution of the investment total allocated to agriculture under the Five-Year Plan, amounting to 26.8 milliard Kčs, into structural and non-structural investment has been drawn up with a view to the practical limits of carrying out investment works and the requirements of agriculture.

The mechanisation programme, which comprises the bulk of the non-building investment allocation, is based on the assumption that in order to fulfil the targets of increasing and economising agricultural production efficient mechanical equipment and machinery, suitable for communal use, is of first importance in order to reduce capital and maintenance overheads and to overcome the shortage of labour; it is further essential that the work done by this equipment should be specialised in accordance with specific requirements. The mechanisation programme under the Two-Year Plan was regarded as a quantitative rather than a qualitative target, since it was essential to make up for the shortage of labour as speedily as possible. The mechanisation programme under the Five-Year Plan proposes a somewhat smaller annual allocation of machinery than that supplied under the Two-Year Plan. All types of heavy and medium mechanical equipment will be supplied on a priority basis to machinery stations, State farms, and farms under national administration, and to farmers' equipment cooperatives, so as to ensure a substantially greater degree of utilisation of the equipment than would be possible if they were used on an individual basis.

The problem of tractors, of which 30,000 are to be supplied during the five-year period, forms an important item in the programme. Together with the tractors supplied under the Two-Year Plan, these 30,000 tractors will make a total of some 40,000 to 45,000 tractors working in agriculture. In making this assessment, we have taken into account the circumstance that all tractors—of whatever origin—which have been in service since before 1938, are due for replacement during the five-year period.

The decision regarding the supply of tractors was based on thorough considerations as to the effectiveness of mechanisation in this sector. At the end of 1946 there were some 11,800 tractors in service, so that 1 tractor on an average served 602 hectares of land, 470 hectares thereof being under plough. In 1947 this number was increased to 16,000 tractors, each serving 484 hectares of land, or

351 hectares of plough land; by the end of the Two-Year Plan there were 22,000 tractors working in agriculture, i. e. 1 tractor serving 351 hectares of land, or 255 hectares of plough land respectively. The introduction of 30,000 new tractors under the Five-Year Plan, taking into consideration at the same time the depreciation and progressive replacement of pre-war tractors, will provide 1 tractor per 172 hectares, or 125 hectares of plough land respectively, making the aforesaid total of 45,000 tractors in agriculture.

In addition to tractors there will be supplied: 26,700 trailers, 35,000 sets of combined tillage machines, 106,250 harvesters, of which 20,000 will be tractor-drawn binders and 10,000 horse-drawn binders, 20,000 milking machines, 750,000 electro-motors, and other equipment to the value of 40 million Kčs.

So far 234 State equipment stations have been established; under the Five-Year Plan their number is to be increased, so that there will be at least one station in each political district. In addition, each station will be further developed and equipped with suitable machinery for all purposes, as well as with suitable tools for peak labours in case of failure of tractors and other machinery under the charge of the local equipment cooperatives. The number of these latter, together with farmers cooperatives operating machinery and equipment, will be increased to 7,500.

An important part in the programme will be played by maintenance of repair shops attached to the State machinery stations. The equipment of these shops is therefore provided for within the non-building investment programme by the sum of 300 million Kčs.

A further 400 million Kčs will be expended on equipment in connection with building investment, i. e. the equipment of agricultural cooperatives with machinery, such as lifts; fuel pumps and stores, special grain drying rooms, etc.

The sum of 1 milliard Kčs has been set aside for spare parts for the maintenance of agricultural machinery, which are of primary importance especially in case of equipment in constant use.

The following table gives an approximate survey of the planned development of agricultural machinery under the Five-Year Plan:

		(Thousands)		
	1948	Increment 1948—1953	Replacement 1948—1953	1953
Tractors	22	30	7	45
Tractor-drawn ploughs	20	33	5	48
Mowing machines	110	60	30	140
Binders	25	30	5	50
Milking machines	9	20	3	26

With the fulfilment of this target the mechanisation programme in relation to plant production will be in the main completed. The consequences of this programme, both from the economic viewpoint and in their effect on the working methods and results of individual farmers will be very far-reaching.

In addition to investment in equipment, 11.8 milliard Kčs will be expended during the five-year period on building construction in agriculture.

4. *Forestry*

The damages inflicted on forestry by pirate economy during the period of German occupation cannot be made good within a few years, and hence the recovery programme under the Two-Year Plan was not sufficient to repair it fully. Current timber demands had to be met in the first place, while the task of renewal must be dealt with by long-term planning.

The degree of target fulfilment in timber output was

93 per cent in the first year of the two-year period, and 116 per cent in the first six months of 1947/1948. The targets for the renewal of forest growth and afforestation were fulfilled at the rate of 118 per cent and 116 per cent respectively during the first year of the two-year period; in the second year of the two-year period, the plan is being realised with equal success—108 per cent and 156 per cent in respect of forest renewal and afforestation respectively.

The target in timber production under the Five-Year Plan is on the whole the same as during the Two-Year Plan, and consists of two component targets: adequate timber output is to be ensured to meet the demands of the market, and the long-term development programme is to be carried further.

Timber is being used in economic activity to an increasing extent: the volume required is growing both as a result of general economic expansion, and in particular timber is becoming a valuable raw-material for new purposes in industry (chiefly in the paper and textile industries) and in other economic sectors. In order to satisfy these growing demands and at the same time avoid drawing on timber reserves, wasteful use of timber must be guarded against and substitutes must be found for wooden materials wherever possible. The compilation of forest inventories must be accelerated as much as possible in order to gain a clear idea of the real condition of existing supplies. Production targets must be determined with a view to the real position so as not to endanger the timber reserves. In order to secure the maintenance of present output levels the network of paths and roads in forest areas must be extended and inaccessible forest areas must be opened up. Production methods—here as in other branches of activity—need to be modernised, i. e. mechanised. This aspect of the programme will contribute to solve the labour shortage problem, as well as that of reducing drudgery.

As regards the long-term aspect of forest renewal, emphasis is placed—in addition to an extension of afforested areas—on endeavours to make forestry economy an increasingly skilled and expert affair; this applies particularly to small (chiefly communal and private) forest areas.

The forest renewal programme is based on the proposal that all uncompleted schemes—i. e. clearings older than one year—should be afforested within the five-year period. The realisation of this task is conditioned primarily by the quantity of seedlings available. The forest renewal programme under the Five-Year Plan (i. e. the afforestation of older and of current clearings) involves an area of 231,000 hectares. Afforestation is to be carried out (with a view to the character of the natural production areas) by means of planting, sowing and natural growth.

Forestry is charged with the further task of transforming the stand from pure to mixed on an area of 22,800 hectares and the change-over from stunted growths to timber stands on an area of 12,700 hectares. With a view to the increased production effort, cutting areas and thinning-out is planned on an area of 328,000 hectares and clearings on an area of 938,000 hectares; these measures aim at the improvement of new growth and at the maintenance or improvement of the fertility of the soil.

In the sphere of forest protection the effective liquidation of the bark-boring beetle and preventive measures against the growing danger of black beetles are to be undertaken, while damages due to the drought of 1947 are to be remedied and their long-term consequences reduced.

As for timber output, the target will be progressively stepped down from a maximum of 11,670,000 cubic metres* of timber (in standard units) in 1949, to 11,390,000 cubic metres in 1950, 10,990,000 cubic metres in 1951, 10,650,000 cubic metres in 1952, and 10,300,000 cubic metres in 1953. The gross value of timber output is assessed at 18.8 milliard Kčs.

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* Cubic Metre = *"plný metr"* (plm); cf. Conversion Table—Tr.

Since on fulfilment of the delivery target of the Two-Year Plan timber supplies on the site return to a normal level, the delivery quotas under the Five-Year Plan will correspond with average annual output during each year of the five-year period. The 1953 target is 10,733,000 delivery units, against 12,500,000 units in 1948.

In addition to the foregoing targets the scheme takes account of interests which transcend the limits of forestry proper—soil preservation, water economy, regulation of climatic and weather conditions, as well as health and recreation.

Certain additional tasks serving the public interest fall into this context, including the afforestation of non-afforested areas for the purpose of soil and weather protection and for the utilisation of non-arable soil, on a total area of 76,000 hectares, afforestation in connection with the regulation of mountain streams, aimed at protection of the soil against the eroding action of water, the improvement of climatic and hydro-technical conditions and protection of agriculture in non-afforested areas which have hitherto been exposed to the damaging effects of wind, etc. To these ends, some 10,000 hectares territory and regions subject to water erosion in the flood areas of streams and rivers are to be afforested, 1050 hectares of river banks are to be wooded, and 3,600 hectares of protective forest belts are to be established in dry regions.

A particularly important pre-requisite for the realisation of these tasks in Slovakia will be the settlement of the question of pastures and their improvement.

The forestry programme under the Five-Year Plan also provides the material pre-requisites for the attainment of production targets. These are, in the first place, an essential investment allocation, in which purchases of mechanical equipment take priority.

C. Building

In keeping with its character of reconstruction, the Two-Year Plan allotted great tasks to the building industry, which were not, however, fulfilled to a satisfactory degree. One of the chief reasons for this non-fulfilment of the target was, until the events of February 1948, the dominating and decisive share of the capitalist sector in the industry, whose aims were not in harmony with those of the Two-Year Plan; a further aggravating factor is to be sought in the organisational disunity of this sector of production, which precluded an effective degree of mechanisation or full utilisation of existing mechanical equipment. This disunity further made the implementation and allocation of tasks under the investment programme more difficult: in view of the existence of thousands of small-scale enterprises it was not possible to determine who was to be charged with tasks under the plan, let alone to enforce the realisation or the effective supervision of those tasks. Subsidiary building trades (plumbing) were also to an overwhelming extent in capitalist hands. Contributory circumstances which exerted an unfavourable influence on building activity during the period (particularly prior to February 1948) included the black market in building materials, "black" wage rates and illegal house-building activity, the clumsiness of the administrative procedure, delay in the issuing of building permits and other regulations, etc. Lack of preparation of building projects and preliminary plans also caused delays in realising of the building target under the Two-Year Plan.

Building construction undertaken under the Two-Year Plan during 1947 amounted to some 15 milliard Kčs in terms of money value. Some 3 milliard Kčs, representing the estimated value of projects undertaken outside the plan should be added to this figure. Thus, a total of some 18 milliard Kčs was expended on building during the first year of the two-year period, i. e. roughly 80 per cent of the target for that period, in terms of money value; in terms of building volume, however, the rate of attainment must be assessed below this figure, since building expenses proved to be greater than had been assumed in the original estimates under the Two-Year Plan Act. In house-building, construction carried out during the first year of the two-year period is equivalent to 28,744 flats; this figure, however, does not include construction undertaken outside the plan.

The circumstances which had exerted an unfavourable influence on the realisation of the target during the first year of the period were removed for the most part in February 1948. The extension of nationalisation alone created the pre-requisites of the economic plan becoming the prime factor in expanding production in this sector. Since the events of February 1948, two-thirds of the building capacity has been nationalised; a basis has thus been laid for a real application of planning and for the elimination of former obstacles.

The 1948 building target laid down by the operative plan for this sector is 29.2 milliard Kčs in terms of money value. In view of continued difficulties, and obstacles from the former period which have not yet been fully liquidated, the maximum rate of attainment that can be anticipated for the second year of the two-year period is 70 per cent of target.

The tasks laid down for the industry under the Five-Year Plan are no less exacting than those of the preceding period. The building industry is expected to play an instrumental part in facilitating the transformation of the structure of Czechoslovak economy and ensuring its further expansion; the essential requirements of industry, agriculture, food processing, transport, trade, social welfare, the health and cultural services must be met to the extent laid down by the development scheme of the Five-Year Plan.

Building activity is to be so stepped up during the five-year period as to attain the gross value of 46 milliard Kčs in 1953; this is an increase of altogether 130 per cent over the 1948 output. The total value of projects to be carried out during the five-year period is to attain the figure of roughly 177 milliard Kčs, including 40 milliard Kčs set aside for general maintenance and repairs involving reduced requirements of basic building materials, particularly of wood and iron.

The nationalised sector will grow to represent four-fifths of the total capacity of the Czechoslovak building industry during the five-year period, and will thus bear the chief responsibility in the implementation of this programme. This fact constitutes the premise on which the stipulated far-reaching structural changes in the industry will be based. As a result of the introduction of industrial production methods building construction will gradually develop from its predominantly small-scale artisan enterprise into large-scale industrial production. The standard of mechanical equipment will be improved and existing mechanical equipment will be used more rationally, ensuring increased productivity and reduced overhead.

The building programme under the Five-Year Plan involves a growth of the labour force in building (including personnel employed on building projects in transport and the public administration) from 210,000 to 315,000 persons,

i. e. an increase of 50 per cent over the 1948 level. Recruitment of this complement of labour will be effected by the transfer of former building tradesmen from other production sectors and from the administrative sector, etc., and the training of juvenile workers who are to be attracted to the building industry by improved working conditions. An adequate number of qualified workers, and more particularly technicians, must in addition be trained. Reforms which are expected to have a favourable effect on recruitment will include elimination of seasonal fluctuation in jobs by ensuring constant all-the-year-round building activity through the planning of building operations and counter-planning "from below", and the allocation of a variety of tasks to the winter months, manufacture of assembly parts during the winter months as well as the concentration of artisan jobs in workshops directly attached to enterprises.

The scheme envisages a substantial raise of productivity: the value of production per worker is to attain 146,000 Kčs towards the end of the five-year period, i. e. an increase of about 53 per cent over 1948. Improved working methods and production layout on building sites, a fuller utilisation of existing mechanical equipment and further new development during the five-year period will be instrumental in effecting this growth.

In virtue of the shortage of certain building materials a substantial increase in economy in their use will have to be effected. The need for economy and for intensive research into the methods of its attainment is particularly great in the case of structural timber and iron. The economy target in timber consumption is 24 cubic metres per 1 million Kčs costs in 1953, i. e. a consumption of 40 per cent less than in 1948. This saving is to be attained through the introduction and full development of pre-fabricated ferro-concrete assembly parts replacing timber floor structures and thus obviating the use of 600,000 cubic metres of structural timber; additional savings will be made by the employment of tubular assemblies instead of wooden scaffolding, and by the widest possible employment of standardised forms in ferro-concrete construction. Further general economies in material consumption will be attained through the standardisation of designs for house-building as well as for public, industrial and agricultural buildings, i. e. the use both of standardised building components and of standardised and, as far as possible, mass-produced equipment and interior fittings. The prompt fulfilment of the construction targets must be secured through the timely acquisition of building sites and completion of preparatory operations, including, primarily, the preparation of plans and calculations, which will be made to conform to a standard pattern. The advance planning of projects will serve to shorten the time spent on the site to a minimum, so that buildings will be ready for use in the shortest time which is practicable from the technical point of view. In order that this aim be realised optimum supply of labour and timely deliveries of building materials are essential. Administrative procedure involved in the allocation of materials for building projects under the plan will be adapted to the requirements of nationalised enterprise.

Detailed consideration to the scope of building construction in the specific sectors of the economy is given in the appropriate parts of this Memorandum; the succeeding data only refer to public works projects:

Highway construction: Improvements in the network of public highways, involving a total length of about 70,000 kilometres, will be made through reconstruction of unserviceable roads, particularly on routes which carry transcontinental or internal arterial traffic. Further improvements include the construction of surfaced roadways; the length of dustfree highways will be extended by 60 per cent during the five-year period. Reconstruction of war-damaged or destroyed over-passes and bridges will be carried further, the total of repair and replacement being 1500 bridges during the period.

Water Supply and Drainage: Development will aim at ensuring adequate water supply for the planned expansion of industry and agriculture. Drainage development will help to improve the public water supply and raise the health standards of towns and villages. Special care will be given to the problem of supplying those areas of the Republic which suffer from a lack of local water resources (particularly Southern Moravia).

Public Buildings: the reorganisation of the public administration necessitates provision of adequate office space, particularly for departments de-centralised under the Regional Plan.*

The total volume of construction to be carried out in the sector of public works during the five-year period, will thus amount to (approximately) 41.1 milliard Kčs in terms of building costs.

In addition, 5 milliard Kčs will be set aside for improvements carried out by local government authorities in parishes and districts, on other public works including the improvement and repair of streets, paths, public roads under the local administration, waterways, reservoirs, fisheries, swimming pools, minor improvement projects, the establishment of school playing grounds, gardens, recreation fields and children's playgrounds, on the adaptation of non-utilised sites in villages and towns, tree planting, afforestation, the maintenance and improvement of public parks, and so on.

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* The system of a "regional" administration (*kraje*) replaces the system of "Provinces" (*země*) as from January 1, 1949.—Tr.

An insignificant quota of essential building materials has been set aside for these purposes under the maintenance allocation scheme, and it is anticipated that out of the 5 milliard Kčs allotted only the minimum of material and essential personnel costs will be defrayed. The great bulk of the labour will, doubtless, be provided by the voluntary effort of the broad masses of the working population, whose initiative will be evoked and brought to bear upon this sector of public development.

D. Transport

The transport target under the Two-Year Plan Act was restricted to the renewal of essential facilities, as the premise of attaining pre-war capacity. In connection with the far-reaching new development envisaged under the Five-Year Plan, however, transport capacity is to be increased so as to meet the increased demands of expanded production, building activity, trade and travel. The chief task of the transport services under the Five-Year Plan is thus to provide facilities to the extent required by the economy as a whole, and to contribute to general economic development.

The fulfilment of this target requires (in addition to maintaining the present process of reconstruction and renewal) a substantial volume of new development, the improvement of present transport facilities, systematically increasing economy of operation, as well as further organisational measures including a simplification of the administrative branch and of the operation of services, faster service, the progressive mechanisation of repair and maintenance, a more perfect utilisation of carrying space, improvement of direct train assembly, etc. All this means that fulfilment of the target in terms of volume of traffic must go hand in hand with an endeavour to raise its quality. Thus in passenger rail transport, an increase of rolling stock will make travel to and from places of work more comfortable, while a larger number of motor-trains and passenger motor coaches will raise the frequency of service between places of work and workers' living areas.

The long-term character of the net investment in this sector is shewn especially in those types of equipment which envisage the introduction and utilisation of a more advanced standard of technique in future development; thus in rail services, this tendency finds expression chiefly in the attention paid to electrification, improvement of communication and safety equipment, and in the facilities for dealing with traffic disturbances in the rail network, chiefly in railway junctions. In road transport—which will be organised on a regional basis—the motor-coach network in economically backward regions will be more intensively developed, and closer cooperation with the railways, in the form of coordinated transport, will be aimed at. In river transport, increased capacity will be required to make up for the service formerly provided by foreign companies in shipping on the Labe (Elbe). The provisions of the Czechoslovak-Polish agreement* will be carried into effect in transport on the Oder, while the capacity of Danube shipping is to be considerably expanded. In air transport, the number of planes in service will be increased in order to maintain existing transport routes and to introduce traffic on additional advantageous routes to the Near and Far East. As for postal communications, the telephone service in large cities is to be improved; all parishes are to be connected to the telephone grid, while the general postal capacity is to be further expanded and improved.

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* Under the Czechoslovak-Polish economic agreement Czechoslovakia is given greatly expanded shipping facilities on the Oder, which thus becomes her chief means of access to the sea.—Tr.

The Five-Year Plan further envisages the re-planning of municipal transport services.

Regional considerations are being given full weight in the transport scheme under the Five-Year Plan. The completion of a number of lines now under construction as well as the establishment of new services will form an important contribution towards the development of economically backward areas; regional claims are being carefully investigated, and due consideration is given to them in the scheme.

The sector's total investment target of 52,829 milliard Kčs is broken down into specific allocations of 33,627 million Kčs for rail transport, 2,222 million Kčs for municipal transport, 5,130 million Kčs for road transport, 1,320 million Kčs for river shipping, 3,434 million Kčs for air transport, and 7,126 million Kčs for postal services. For the implementation of the tasks laid down under the Five-Year Plan an increase of 20,000 employees (8,000 men) will be required. The financial economy of the transport services will be placed upon a completely new basis as a result of the transformation of their structure into independent enterprises, involving far-reaching changes on the operational and administrative levels. Research will be reviewed and reorganised. The total growth of productivity in transport during the five-year period is estimated at around 30 per cent over the 1948 level.

1. *Rail Transport*

In 1947 and 1948 the pre-war rail capacity was exceeded in spite of the fact that the Czechoslovak State Railways (ČSD) operate with only four-fifths of the locomotives, three-quarters of the freight cars and 70 per cent of passenger coaches as compared with pre-war. Chief stress was placed under the Two-Year Plan on augmenting freight rolling-stock with increased gross weight, while new development in the passenger sector was practically nil; under the Five-Year Plan the goal is to increase the number of passenger and motor coaches. This development is a continuation of the Two-Year Plan; in the programme of new investment due weight is given to the consideration that investment purchases of out-of-date capital equipment may obstruct long-term modernisation, for which the foundations are to be laid during the five-year period. The construction programme provides for the liquidation of defects in the case of a number of lines, where the extreme limit of capacity has been reached.

In freight transport, the target envisages an increase of capacity to the level of 17 milliard ton/kilometres net, i. e. almost 39 per cent above the 1948 level. Turn-round periods per freight car will be shortened from 5.1 days in 1948 to five days in 1953. Total turn-round is to attain 5.71 million cars in 1953, i. e. 16 per cent above the 1948 level. Gross weight is to increase by 6 per cent over 1948. The degree of utilisation of carrying space is to grow to 17.5 tons in 1953. The total target of 100 million tons carried in 1953 represents an increase over the estimated volume carried in 1948 of 28 million tons, or 38.8 per cent. In order to achieve this capacity, with only an insignificant increase of rolling-stock, the railways must achieve a greater degree of utilisation of existing capacity through organisational and administrative measures, chief among which will be a more general use of direct trains involving the elimination of repeated stops and consequent delays in marshalling yards, shunting and train-assembly. Handling time will be reduced, and unloading procedure will be improved with the help of increased supplies of dump cars and improved mechanical equipment in a small number of main junctions. Marshalling will be concentrated in a few chief marshalling yards which will be fitted with up-to-date equipment.

A significant development is involved in the planned reorganisation of haulage of small lots; the further progress of the scheme will depend upon practical tests (coordinated traffic). Reduced deliveries of heavy engineering products will affect the railways in terms of rolling stock, which will be increased only by an insignificant margin over the 1948 level, i. e. by altogether 2740 cars. As a result, considerable effort will be required to attain target capacity.

In passenger transport the number of persons carried remains constant. The envisaged augmentation and extension of rolling stock is designed to raise the quality level of transport. New rolling stock will comprise 2510 passenger coaches and 651 motor coaches. Thus, a more frequent service and greater average speeds will be possible.

Capital development in rail transport is to be concentrated on a number of main lines over which the chief burden of increased traffic will be distributed. Construction development will be devoted as heretofore to the reconstruction of a number of inadequate main railway junctions, in particular those at Prague, Brno, Ostrava, Zvolen and Žilina. In the Czech Provinces, the line Prague—Česká Třebová will be electrified; the railway stations at Ostrava, Ústí-nad-Labem, and Cheb will be re-built and extended where necessary; in addition to other projects in hand the road-bed of the Vizovice—Lidečko line is to be completed. In addition to other investment developments in Slovakia the Spiš. Nová Ves—Žilina line will be electrified, the railway stations at Bratislava, Žilina and Zvolen will be re-built, the Hronská Dúbrava—Banská Štiavnica line (in addition to a number of others) will be completed and the funicular railway to Lomnický štít (High Tatras) will be reconstructed.

Construction and equipment development under the railway investment plan involves an investment of 18,210 million Kčs and 15,417 million Kčs respectively; the total sum invested in the railway sector during the five-year period will be 33,627 million Kčs. As regards the construction of new lines, the scope of the programme is partially determined by tasks taken over under the Five-Year Plan from the preceding two-year period, particularly as regards post-war reconstruction and the completion of projects in hand. Priority must be given to the completion of equipment and facilities carried over from the two-year period: this affects particularly maintenance and saving measures in coach servicing and the mechanisation of structural maintenance. In the former case the out-of-date and uneconomical stock of steam locomotives is being systematically renewed: for the purpose of greater economy in shunting in the more important stations and of freight traction in subsidiary stations diesel-electric locomotives are being introduced. The savings thereby effected result in fewer locomotives being required to bring about an increase of capacity.

The systematic development of the communications and safety services will be governed during the further progress of the five-year period by the needs of the chief railway junctions and of certain key-sections of the line. Equal attention is being given to the gradual re-equipment of the commercial departments, servicing, maintenance and repair shops, desinfection stations, electrotechnical equipment, supply stores, inspection and testing shops, laboratories, etc.

2. *Municipal Transport*

The municipal transport service provided by trams, buses and trolleybuses suffered substantially during the war from overloading, wear and tear which was not made good, and direct destruction. Transport pressure is continually growing, so that existing fleets of cars and coaches are utterly inadequate; hence the tasks laid down for this branch under the Five-Year Plan are chiefly of the reconstruction type, though full attention is being given to recent technical progress as regards all purchases of new equipment. The number of passengers is expected to grow from 906 million in 1948 to 1,075 million in 1953, i. e. by 18.6 per cent; the greatest rate of growth is envisaged in trolleybus traffic, which, in virtue of its adaptability, comfort and speed holds out the greatest promise of a substantial improvement and speeding up of the service, particularly in travel to and from work.

In smaller towns, new trolleybus lines are planned independently of, or so as to replace, outworn tram-lines in all cases where the capacity of the new line promises to be adequate to the load. In large cities the trolleybus service will take over a growing proportion of the load and thus ease the pressure on the overburdened tram-lines, both in central and cross routes.

Existing tram services are unsatisfactory in terms of both speed and comfort. The Prague tram system has reached the extreme limit of capacity in peak periods of travel to and from work, and on overloaded lines it has become impossible to increase the frequency of the service. Hence the further development of the metropolitan transport services must be based on an introduction of new trolleybus lines as well as the necessary improvement of existing tram services. Simultaneously with the solution of the Prague transport problem, the final project for a metropolitan underground railway is to be prepared during the five-year period.

The total municipal transport investment quota is 2,222 million Kčs.

3. *Road Transport*

The most marked expansion of road transport services has occurred in the transport of persons to and from work. This development did much to remedy the defects of the previous system which restricted this type of service. The passenger coach services attained 169 per cent of its target in 1947 and 140.9 per cent in the first quarter of 1948. This upward tendency will probably be maintained though it cannot be expected to continue at an equally rapid rate. Road haulage also shews a gradual increase: the volume of goods carried totals some 10.7 million tons for the first six months of 1948 against 7.8 million tons over the corresponding period of 1947, i. e. an increase of 37 per cent. Further growth over the five-year period is to attain 23 per cent above the 1948 level in 1953. in terms of volume of goods carried and 39 per cent over the 1948 level in terms of net ton/kilometres. — In passenger coach services, the total number of persons carried will increase by 36 per cent and the number of persons per kilometre by 45 per cent over the 1948 target.

The expansion of building activity and of industrial production anticipated under the Five-Year Plan will bring about a substantial increase in truck haulage as well. The necessity arises of defining more precisely than has been done heretofore its function with a view to the haulage of small lots as well as of heavy loads: in the former case, it would be a matter of radial transport (possibly in cooperation with the postal services), while in the latter event the chief emphasis would be placed on the transport of loads in replacement, say of discontinued local rail routes, or, as the case may be, in lieu of new railway lines which are required, but which would not prove economically practicable.

As for passenger coach transport, the present services will need extension chiefly in Slovakia, since the services available in the Czech Provinces, in a number of regions at any rate, are already adequate to the demand (existing services in the Czech Provinces total about 1290, covering a total length of 27,800 kilometres of road, while in Slovakia some 210 services operate over 6100 kilometres). The establishment of new motor coach services will be planned with a view towards the real transport requirements of individual regions, i. e. necessarily in short-term stages. Routes will be planned with a special view towards the needs of persons travelling to and from work and of school transport, and only in the second place with regard to those of the other sections of the population, in order to facilitate contact with the public administration, to meet special regional requirements, etc.

An essential pre-requisite of the attainment of the tasks set out is the renewal and expansion of the outworn and insufficient fleet of coaches and motor lorries. The renewal scheme involves the replacement of some 54 per cent of existing motor coaches and of 22 per cent of motor lorries at present in service, though the situation would demand an even more extensive rate of replacement. The sum of 4118 million Kčs has been set aside for the purchase of new vehicles during the five-year period.

Construction development in the motor-coach branch will concentrate chiefly on the erection of new garages and repair and service shops, in particular where no facilities for servicing and repair are available in nearby industrial enterprises. It is aimed to provide permanent garage space for the greatest possible number of vehicles (only 60 per cent of ČSD vehicles are garaged at present).

The total investment allocation for motor transport is 5130 million Kčs.

4. Shipping

Under the Two-Year Plan shipping was charged primarily with the renewal of war-damage and of unserviceable and out-of-date vessels. As a result of a failure in shipyard deliveries these tasks were in the main not fulfilled and must be carried over into the period beginning in 1949. Shipping was acutely affected by the exceptional drought of 1947; it should be noted also that a number of vessels of the Danube fleet were not returned until 1947. In virtue of all these circumstances the volume of shipping failed to grow as stipulated under the Two-Year Plan. The chief rates of target fulfilment are as follows: in 1947, 84.6 per cent; in 1948, on the Labe (Elbe) 70 per cent, on the Oder 21 per cent, on the Danube 100 per cent. Under the Five-Year Plan, capacity is to be stepped up so that the volume of goods carried will exceed that attained in 1948 by 26 per cent on the Labe (Elbe), by 192 per cent on the Oder, and on the Danube by 69 per cent; in terms of net Ton/kilometres, the increase will amount to 33 per cent on the Labe, 203 per cent on the Oder, 100 per cent on the Danube. Parallel with this development and at a corresponding rate, the quality of the service is to be raised, in terms of an improved utilisation of shipping space, and in particular of a shortening of loading and unloading periods.

During the five-year period only a minimum of essential renewal can be undertaken in shipping on the Labe; on the Danube, the tonnage will be increased by several additions to the fleet. In order to speed up loading and unloading in port and at loading quays a substantial number of cranes will be put into service during the five-year period. Further investment will comprise extension or (as the case may be) reconstruction projects in river ports, additions to the river-fleet and equipment renewals in a number of shipyards. The total investment allocated to shipping under the Five-Year Plan is 1320 million Kčs.

5. *Air Transport*

A skeleton network of main air connections on both inland and international routes was established during the Two-Year Plan. The development scheme under the Five-Year Plan is governed by the aim of maintaining the present routes and where necessary improving the frequency of the service, and to establish airconnection with other important world centres. In order to realise these aims it will be necessary to augment the fleet of transport planes. If the preceding assumptions are realised, the number of miles flown in inland traffic will rise to 58 per cent above the 1948 figure, while the number of miles flown on international routes will rise by 134 per cent. The total average increase over 1948 (in terms of miles flown) will be 120 per cent by the end of the five-year period.

As regards airport construction projects, chief emphasis will be placed on the extension and improvement of the chief airport Praha-Ruzyně, while the airports at Brno and Bratislava will also receive increased attention. In addition to structural improvements, these airports will also be provided with up-to-date safety and ground control equipment. The total investment allocation over the five-year period is 3434 million Kčs.

6. *Postal Communications*

In this sector primary attention will be paid during the five-year period to extending the telephone grid and expanding its capacity. Telephone capacity already exceeds the pre-war level. In 1947 the various targets under the Two-Year Plan were fulfilled as follows: instalment of new subscribers' telephones, 89.7 per cent, extension of the telephone grid to new parishes (villages and towns), 239.8 per cent, establishment of new teleprinter stations, 118.6 per cent. A further expansion of the communication services (i. e. telephone, telegraphy, teleprinting, wireless telegraphy and wireless telephony), as well as the gradual improvement of the postal services is envisaged under the Five-Year Plan. Primary consideration has been given to improving the telephone service: every independent parish (town or village) in the country will be linked to the telephone grid during the five-year period, local telephone systems will be substantially extended and overhauled by means of the progressive replacement of all manual by automatic exchanges. A sensible improvement of the present overloading of trunk lines is expected to result from the planned introduction of wireless transmission of calls by means of ultra-short waves. Radio transmission will be further perfected and its radius extended through the development of the existing and the establishment of new transmitters and the synchronisation of several transmitters on common wavelengths. Among the variety of tasks comprised in the development programme under the Five-Year Plan special attention is due to the planned increase in the number of subscribers' and service telephones: the number of these will grow during the five-year period by 54.5 per cent over the 1948 level, that is to say, there will be 2.85 subscribers' telephones in 1953 per 100 inhabitants as against 1.9 at the end of the Two-Year Plan, and against 0.95 in 1937.

The investment target in postal transport and communications total 7126 million Kčs; its greater portion, i. e. 5262.9 million Kčs, will be spent on improvements in the tele-communication services. The following chief tasks are comprised in the scheme: the extension of the telephone network and exchanges at Prague, Brno and Bratislava; increases of the capacity of the trunk network through the introduction of wireless transmission of trunk calls by means of ultra-short waves; the extension of the telegraph and teleprinting services and re-fitting of both manual and automatic exchanges. In the sphere of radio communication the scope of wireless telephony will be increased both in home and international communication. Construction development includes plans for new buildings to house tele-communication services, exchanges and equipment, railway post-offices, garages, etc. Further investment will aim at making postal communications both faster and more economical, chiefly by means of motorisation and mechanisation. These investment targets and additional savings in the internal organisation and operation of the services will help the postal services to meet the requirements of economic activity during the period of the Five-Year Plan.

IV

MATERIAL AND CULTURAL LEVEL OF THE PEOPLE

The primary aim of economic planning is to raise the level of material and cultural well-being. In the introductory chapter of this Memorandum an acount was given of the part played by the nonfulfilment of the target in agriculture and building in preventing the attainment of the improvement of living standards planned to take place by the end of 1948.

As a result of the harvest failure of 1947 agricultural output fell far short of the target; for this reason as well as for the other reasons listed in Part I of this Memorandum, a substantial portion of essential food supplies had to be imported from abroad. Needless to say, these increased food imports had to be paid for by an unprecedented volume of commodity exports, which in turn inevitably led to a serious shortage of consumer goods in the home market.

Neither was the target attained in building; the most painful aspect of this failure, as it affected the broad masses of the population, is the nonfulfilment of the housebuilding programme.

This is the foundation from which all planning of the material and cultural level of the people under the Five-Year Plan must start.

Living standards will be raised primarily in terms of social consumption, i. e. by means of improved care of health, social welfare and cultural and educational care; in other words through services rendered to individuals by the public administration and for which no direct compensation is paid by the beneficiary. This scheme for the development of social consumption represents a fundamental advance over the capitalist system, under which social consumption, so far from being planned, was used, if at all, merely to suppress the most flagrant social inadequacies. In direct contrast to this, the people's democratic order plans social welfare, the health services and cultural and educational care as an instrument for the maintenance and improvement of the physical and spiritual level of the entire population.

Even though the general standard of living has not, at the end of 1948, fully attained the level stipulated by the Two-Year Plan, it is in a number of fundamental respects, substantially above the general standard of the population—and in particular of the working sections of the population—before the war and during the war. It is appropriate to examine briefly the material and social premises upon which the Two-Year Plan was based in this respect.

During the period of the First Republic, in the depression years of 1932 to 1935, a full quarter of the population consisted of unemployed and semi-employed with their families. Even in 1937, the "best" year after the slump, the total number of unemployed during the winter months was officially assessed at 700,000. The average income of the families of unemployed breadwinners in receipt of assistance under the Ghent System was about 380 Kčs per month. If the period of unemployment exceeded six months, normal unemployment assistance ceased and was replaced by "Crisis" assistance which was at a lower rate. This latter type of assistance was paid for a period of three months. After this even those workers who were trade union members had no hope but public relief food vouchers (the notorious "begging bills"), at a rate of 10 Kčs at a time, and thus swelled the ranks of those unemployed who had been dependent on this pittance from the first. A family of five, say, would get two relief vouchers and three children's milk vouchers. That meant living on a ration of potatoes, unsweetened coffee substitute and a quite inadequate quantity of dry bread.

Only infinitesimally higher was the standard of living of a quarter of a million employed workers (male and female) and their dependants during the period 1930 to 1935, on a maximum daily wage of 6 Kč*, i. e. 150 Kč per month (the price of 1 kg of bread was 2 Kč); a further half-million workers lived on wages of 6 to 10 Kč per day, i. e. a maximum of 250 Kč per month (the maximum income of over 50 per cent of all women, according to health insurance statistics), including in particular the agricultural labourers, textile workers, clothing, and food processing workers.

On this showing, three to five million persons (unemployed, semi-employed and those employed at minimum rates of pay, with their families) before the war could afford not more than half of to-day's food ration, not to mention other basic necessities, with regard to which their situation was worse still. Thus the standard of housing, the many that lived in railway coaches and shack settlements, even in colonies of rock and cave dwellings amply demonstrate the fact that these rates of pay left absolutely nothing with which to pay rent. It should be remembered that thousands of flats and apartments stood vacant at the same time.

Nor was the material basis and the standard of living of small independent tradesmen and artisans and of smallholding peasants far removed from the level of these wage-earners, particularly during the depression years. 1,575,000 foreclosures were initiated in Czechoslovakia during 1932; there were still 1,125,000 even in 1937;—the victims of these distraints were chiefly small tradesmen and farmers. Total mortgages on farm property at that time have been estimated at 30 milliard Kč, i. e. 90 milliard Kčs at current rates. The total indebtedness of independent tradesmen and artisans is estimated for that period at 11 milliard Kč, or 33 milliard Kčs. 6500 bancruptcies and 15,000 composition proceedings are recorded for 1929. During the twenty years of the Republic some 100,000 tradesmen's enterprises were liquidated.

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* *Kč* = pre-war Czechoslovak Crown; *K* = wartime (occupation) Crown.—Tr.

Average monthly rates of consumption of basic foodstuffs in 1936 were about 2.45 kg meat, 14.4 litres milk, 12.7 eggs, 9.75 kg potatoes, and 2.25 kg sugar per head of population. The distribution even of these quantities however was utterly inequitable. The rate of consumption of high-grade foods, such as meat, fats, eggs and milk varied between the housholds of low-paid workers and small tradesmen and artisans and those of the well-to-do in a ratio of about 1 : 4 or even 1 : 8. While the relation between meat and bread consumption among the lower wage groups was about 1 kg of meat to 8 kg of bread, more meat than bread was consumed in middle-class housholds.

There is no unemployment to-day and there will be none in the future. Starvation wages no longer exist.

Workers' wages have been increased to the following percentages of the pre-war level:

Agricultural labourers	to 500 to 800 per cent
Textile workers	to more than 400 per cent
Female workers in the above sectors and in paper manufacture	to 400 to 700 per cent

Real earnings, in view of the more general introduction of task rates are however still greater. Earnings of skilled workers in industry have increased by 420 per cent over the pre-war level, those of unskilled and assistant workers to 500 per cent of the pre-war level. Further factors contributing to greater real earnings are family allowances and the adjustment of the income tax scale. Bankruptcies of tradesmen's, artisans' and farmers' enterprises have virtually disappeared. In the Czech Provinces alone one and a quarter million hectares of land were distributed among smallholding peasants up to October 28, 1948; on completion of the agricultural reforms a total of some 2 million hectares of land will have been allocated to small and medium farmers. Consumption is no longer grouped in terms of property but primarily in terms of work, and with a view towards the needs of children, juveniles and the sick.

This background, and a qualitative as well as quantitative comparative examination of the present standard of living in terms of its pre-war equivalent, clearly demonstrates the present development of the material and cultural level and the social situation of the people and determines its further planning under the Five-Year Plan.

On condition that the growth of production and of the productivity of work will come up to the targets laid down by the Five-Year Plan, the standard of living will be raised during the five-year period in two respects: there will be a growth both of social consumption, i. e. of the health services, social welfare facilities and cultural care, these being services rendered by the public administration to the population without direct compensation, and of individual consumption, i. e. of market purchases. Both social and individual consumption which are together the direct indicator of the standard of living of the population, will rise during the five-year period on an average by 35 per cent. Thus, the scheme for the growth of the material and cultural level of the people can be seen as a fundamental aspect of the Five-Year Plan, representing, as it does, a considerable improvement not only over the pre-war level, but also over the level stipulated by the Two-Year Plan.

The significance and weight of these services in the total framework of the Five-Year Plan can best be gauged in terms of the proportion of the national income distributed in this form. A total investment of 28.6 milliard Kčs is to be spent on development in the various services, comprising the social services (i. e. crêches, children's homes, school dining halls, cooperative laundries and cleaning works, youth hostels, recreation homes, institutions for physically and mentally defective children and juveniles, institutions for aged and disabled persons), on the health services (i. e. health centres, National Health Institutes, out-patient departments, policlinics and treatment institutions of National Insurance, hospitals, mother-and-child clinics, spa therapy, industrial medicine), on educational and cultural services (i. e. nursery schools and kindergartens, national, secondary and university schools, scientific and technical libraries, theatres, exhibition galleries, museums, sports grounds and playing fields, gymnasiums, houses of culture, newly erected and adapted cinema-buildings, radio stations, cultural facilities in enterprises).

The total social investment (including health and cultural investment) together with housing investment, amounts to 67.8 milliard Kčs, or 20 per cent of the entire investment outlay under the Five-Year Plan.

In the sphere of individual consumption a gradual increase of the production of consumer commodities is envisaged; this increase will affect quality as well as quantity of manufactured goods. This development will express itself primarily in nutrition; a corresponding growth will take place however in consumption of textiles, footwear and other necessities of life. Total outlay on a number of essential foods and services will grow as follows during the five-year period.

Food	by	37.9	per	cent
Textiles	„	15.6	„	„
Leather	„	3.2	„	„
Rubber	„	0.2	„	„
Metal Goods	„	2.6	„	„
Wooden Articles	„	1.3	„	„
Paper	„	0.6	„	„
Printed Matter	„	2.4	„	„
Glassware	„	0.24	„	„
Chemical Products	„	2.0	„	„
Light and Heat	„	1.1	„	„

The development of wages and incomes in general, as well as of prices, will be so planned in conjunction with this growth of consumer goods and services, as to ensure a just and equitable distribution of the rising volume of goods and services among consumers—i. e. so as to reward each consumer according to achievement and desert.

The steady and constant growth of the standard of living in accordance with the achievement and desert of every member of society represents one of the chief tasks of the Five-Year Plan in our people's democratic Republic. Capitalism, whose laws formerly ruled our economy, created the misery of the millions of unemployed and semi-employed who vegetated at or below the starvation level, while the few who controlled the means of production enjoyed unlimited prosperity. The people's democracy endeavours to remove this contradiction and to create an order in which the reward of each member of the community is in keeping with his or her achievement and desert. It is not of course possible to undo all the harm that capitalism has done during many decades within five years; nevertheless, we shall go a good part of the way.

A. SOCIAL CONSUMPTION

I. Social Services

The chief aim and function of the social services during the five-year period will be to maintain and further the physical and mental capacities of the working population, to contribute to the planned distribution of labour, to ensure that the mobilisation of labour reserves yields the best possible results and, finally, to care for those citizens who through no fault of their own are unable to take part in active economic enterprise. Thus, all the social services will in their aggregate raise the living standards of the population.

Care of Workers
Care of Working Women

The present capacity of crêches will be extended by 15,400 beds (i. e. by 254 per cent) during the five-year period. The quality of service in crêches will be raised by means of the introduction of new and trained personnel, as well as by more intensive training of present personnel, the improvement of technical and hygienic equipment, increased medical supervision, and reducing the number of children in the charge of each nurse. The same ends will be served by the extension of permanent homes for the children of working mothers by 6375 beds (over and above the present level of 8200), i. e. by 78 per cent. Similar improvements will be made affecting the quality of service as in the case of crêches. Seasonal homes for children from farmers' families have at present a capacity of 37,500 beds; 100 new agricultural children's homes will be built, and the Ministry of Agriculture will be charged with the equipment of a further 3000 children's homes during the five-year period. School catering is of great importance for working mothers. The present capacity of the school catering service is 523,120 children; this will be increased during the five-year period to cater for a further 180,000 children, i. e. by 34 per cent. Other services will include more cooperative laundries and cleaning plants, the improvement of their service and the service of existing laundries by means of technical re-equipment and staffing with expertly trained operators, by the diversification of the services rendered, by speeding-up the service and improving its quality by devoting greater care to the tasks entrusted to the laundries by working women.

The construction, or, as the case may be, development, of these facilities requires an outlay of some 3.3 milliard Kčs.

Care for Juvenile Workers. Youth homes attached to large enterprises, which will provide training and instruction in the light of socialist ideals and contribute to the full development of the working capacities of juveniles, will play an instrumental part in the training of new cadres of skilled workers and technicians. The capacity of these homes will grow during the five-year period from 33,770 beds by 50,000, or by 145 per cent. Improvements in operation by means of technical equipment and staffing with trained instructors, will create a friendly and fruitful atmosphere, which will provide a stimulus to increased effort. The training function of the homes will consist in technical instruction as well as training in workshops (attached to enterprises); for details of this aspect cf. p. 167 ff.

Construction outlay will total 1,865 million Kčs, of which 655 million Kčs will be met (in the Czech Provinces) out of the industrial building quota.

Care of Employees at Work

The effective technical equipment of places of work and the attainment of perfect hygienic facilities will tend to make labour less exhausting, and protect workers' health. A reduction in the number of accidents at work, as well as greater protection of workers' general health and a consequent improvement of the productivity of labour will be attained through medical facilities and technical safety measures in works and enterprises. The further expansion of works catering services and the gradual improvement of the quality and calority-value of meals served will tend to further solidarity between the individual worker and the enterprise and reduce household worries. Work canteens and other forms of catering at work will be increased during the five-year period by 25 per cent.

Recreation

Care for the recreation of workers is both a just reward for increased productive effort and at the same time a means towards the maintenance and the further improvement of labour productivity. This service will also include recreational care of youth. 100,000 children were catered for in 1948 in the Czech Provinces alone; this number will be raised to 300,000 children in 1953, i.e. will be tripled during the five-year period. Recreational care of juveniles fulfils a dual function: it cares both for the renewal of the working capacity of young workers and forms part of their training. The numbers of juvenile entrants cared for in this way will be increased from 32,000 in 1948 to

80,000 in 1953, i. e. by 150 per cent. Adult workers taking part in recreation schemes at the end of the Two-Year Plan numbered 100,000; an increase of the capacity of recreation homes will make it possible to cater for 400,000 workers in the Czech Provinces alone in 1953. Expenditure on the establishment and extension of recreation homes will total 1.7 milliard Kčs during the five-year period.

Retraining and Further Training

Greater care will be given during the period of the Five-Year Plan to persons requiring training, so that the persons retrained will have an interest both in the general and in their own increase in productivity. At an outlay of 105 million Kčs training centres will be established for the training of those who in consequence of the reorganisation of production are being transferred to new production sectors. For the training of highly-skilled cadres two special instruction centres will be established. Three training centres will cater for the rehabilitation of disabled soldiers, persons disabled in industrial accidents, and persons with physical defects; some 900 persons will be returned during the five-year period to the productive process after passing through these centres. Further details in respect of the significance of rehabilitation and retraining will be found in the section dealing with labour.

Incapacitated Persons (Sickness or Other Causes)

National Insurance

National insurance provides the basic auxiliary service of the national economy and ensures the social security of (on the whole) all who are unable to continue a gainful occupation. Expenditure on the various kinds of benefit under national insurance during the five-year period will total:

	(Milliards of Kčs)
Family allowances providing for children below the age of 18 (approximately)	19.67
Maternity benefit	5.33
Marriage grant	3.0
Sickness benefit (cash)	16.0
Sickness benefit in kind	40,6
Pensions (including social pensions) and industrial accident insurance benefit	85.1
Miscellaneous benefits in cash (funeral grant, etc.)	3.25
Investment (construction of buildings and equipment of social insurance)	2.2

The anticipated growth of the outlay on benefits of national insurance is expressed in a comparison of expenditure in 1948 and 1953:

	1948	1953	Per cent
	(Milliards of Kčs)		(1948=100)
Maternity Benefit	0.5	1.2	240
Marriage Grant	0.2	0.6	300
Sickness Benefit in cash	2.6	3.6	138
Sickness Benefit in kind	4.3	9.5	221
Pensions:	9.6	18.6	194
Accident insurance benefit	0.9	1.3	144
Social benefit	0.9*	3.9	108
Other descriptions of benefit in cash (funeral grant, etc.)	0.4	0.8	200
Total	17.6	34.3	195

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* The social benefit figure of 900 million Kčs only relates to the period October 1, 1948—December 31; thus the entire year should be represented by the figure of 3.6 milliard Kčs.

In order to attain this substantial improvement it will be necessary to extend the scope of the services rendered, improve their quality and at the same time make them cheaper; the last aim will be realised primarily by a reduction in the number of employees.

Other Types of Welfare

Children that grow up without adequate family care become inferior in respect of working capacity in adult life, and more liable to infection and disease; the death-rate among such children is comparatively high. The present number of beds in children's homes available for this type of children, 9,250, will be increased over the five-year period (including newly established collecting stations) by an additional 3,500 beds, i.e. by 38 per cent. Similarly, mentally and physically defective children will be partly or wholly returned to economic activity by means of an improvement of teaching methods, technical instruction and housing and treatment in institutions. At present, institutions caring for these children and juveniles have a capacity of 5,887 beds, which is to be increased by an additional 1,030 beds, or 17.5 per cent, during the five-year period. Hostels attached to special schools for defective children at present have a capacity of 400 beds, which is to be increased during the five-year period by 60 per cent, i. e. by 240 beds. This expansion will not effect the extent of the care provided but its quality; in particular, the operation of services and institutions will be improved and made more economical in all its aspects.

Institutional Care

In the sphere of the care of persons who are incapable for work in virtue of advanced age and unable to live at home, or persons requiring treatment in institutions in virtue of physical defects, the present capacity of homes (17,558 persons) will be increased during the five-year period by 77 per cent, so as to attain 31,500 in 1953. Here also extension of care will be accompanied by improved quality of service and operation.

Research

The expert solution of problems of social planning and the implementation of social plans will be undertaken primarily by the Czechoslovak Institute of Work at Prague with its regional branch institute at Bratislava, the institutes of Political Economy and of Social Sciences of the Socialist Academy at Prague; these institutions will be specially developed for this function and will cooperate with other specialised bodies.

The number of expert workers attached to the above will be increased; the total outlay on social and welfare research is assessed at 147 million Kčs.

Total investment outlay for social services during the five-year period will amount to 8.1 milliard Kčs. Current expenditure on all social services is estimated at a total of 35 milliard Kčs for the whole five-year period.

II. Health Services

The public health administration, together with national insurance, will endeavour within the framework of the Five-Year Plan to raise the health standard of the population through planned preventive care and medical treatment. The instrument towards this common end will be provided by the health centres, which will combine the functions of advisory centres (National Health Institutes) and out-patient clinics (outpatient clinics of national insurance). Health centres will be established in two basic types, i.e., a district type for basic general care and a regional type for specialised services. The cost of establishing these centres will be shared by the public health administration and by national insurance.

The establishment of 9 regional health centres, 86 district centres and 24 branch centres is envisaged under the Plan. In addition to these joint institutions, the establishment of 1 regional, 13 district and 37 branch out-patient clinics of national insurance is planned, as well as 6 regional, 26 district and 97 branch health centres. Separate establishment of either national insurance clinics or advisory institutes will be resorted to where either one or the other already exists or as a provisional measure until such time as a joint health centre can be established. Expenditure under this scheme totals over 3 milliard Kčs.

Further schemes deal with the sphere of institutes of treatment and cure, spa therapy, industrial medicine, veterinary service and the training of health personnel.

Institutes of Treatment and Cure

Hospitals: The generally low standard of hospital care necessitates a gradual development of the whole network of institutes of treatment throughout the territory of the Republic. The health development scheme under the investment programme of the Five-Year Plan provides for the expansion of hospital capacity by some 7,000 beds at a total cost 4.5 million Kčs; a portion of this expansion will take the form of replacement of existing unsatisfactory accommodation in old hospitals and other institutions. The standard of hospital service will be further raised by means of speedier and more intensive treatment, so as to shorten the average period of treatment by at least 2 days. This measure will make it possible to admit to hospital about 172,000 patients in excess of the present figure.

Among the most effective means of reducing the infant mortality rate are mother-and-child clinics which deal with questions of health and social health and with educational problems. Under the Five-Year Plan the establishment of 14 additional clinics with a total capacity of 800 beds for infants and 360 for mothers is planned; this total target includes 4 institutes with capacity for 300 infants and 120 mothers in Slovakia. The total capacity of mother-and-child clinics will grow from the present figure of 465 beds for infants to 1,265 during the five-year period which will make possible the annual treatment of 5,100 infants (assuming an average period of treatment of 90 days), i.e. 3,200 more than at present. The total cost of the scheme is estimated at approximately 300 million Kčs.

Preventive (Calmettisation) Institutes: The function of these institutes is to ensure the isolation of juveniles living in an environment which involves a danger of tuberculosis, from the source of infection during the period of immunisation treatment with Calmett's vaccine. This facility is introduced in Czechoslovakia for the first time under the scheme. It is planned to provide a total capacity of 430 beds at a cost of 147 million Kčs. The realisation of the target set by the Five-Year Plan will enable about 3,700 juveniles to be treated annually.

Institutes for the Treatment of Infantile Paralysis (Poliomyelitis): The greatest significance of these lies in rehabilitation treatment during convalescence and the treatment of consequences of the disease. The scheme planned for the five-year period provides for expansion of the capacity of the existing institute at Janské Lázně (Johannisbad) by an additional 80 beds, and the establishment of an additional institute of 100 beds capacity in Slovakia, at a total cost of 60 million Kčs.

Convalescence Homes: Present capacity is to be extended by an additional 300 beds, of which 200 are to be provided through the reconstruction and expansion of existing homes in the Czech Provinces, and 100 through the erection of a new home in Slovakia. The investment required for the realisation of the scheme totals 97 million Kčs. The newly provided capacity will make it possible to treat annually 1,800 children from families where there is a danger to health, assuming the average period of treatment to be 60 days.

In other specialised institutes of treatment adaptation and reconstruction schemes are to be undertaken jointly by the public health administration and by national insurance. The scope of these schemes will be equal to a total capacity of 700 beds; the types of institutes involved are chiefly mental homes, institutes and sanatoria for diseases of the heart, for the treatment of tuberculosis, and other specialised institutes of treatment, as well as institutes treating complications during convalescence and providing rehabilitation treatment after recovery.

Spa Therapy

Development in this field stipulates 53 adaptation and reconstruction projects in spas to be carried out by the public health administration, while national insurance is to undertake new development in its institutions in spas representing new capacity of 1,070 beds. The total investment quota is 560 million Kčs. It is anticipated that at the end of the five-year period spa therapy will become available to an additional 15,000 insured persons and their dependants. The realisation of essential adaptations and improvements of spa equipment and organisational measures will bring about a further substantial increase of spa capacity for the benefit of the broad masses of the people.

Veterinary Medicine

The Five-Year Plan envisages the establishment of 8 veterinary institutes for research and examination, and the development of existing institutes. The total investment quota is 100 million Kčs. Development undertaken during the five-year period in this field will be based on the requirements of the Nutrition Act at present under review.

Industrial Medicine

Institutes of industrial medicine will improve the health standard of the working population through research on all aspects of human labour, working environment and production processes. Institutes of industrial medicine will be established during the five-year period at Prague, Plzeň, Hradec Králové, Ostrava, Bratislava and Košice, at a total cost of 40 million Kčs.

Planned Increase of Health Personnel

The number of health personnel is to be raised during the five-year period as follows:

	Increase	
	Number of personnel	Per cent
a) Doctors	5.350	52
b) Veterinaries	283	20
c) Pharmaceutical workers	1,337	60
d) Social health workers (female)	2,800	179
e) Nurses	5,874	46
f) Obstetrical assistants	1,273	24
g) Dentists and qualified dental mechanics	235	12
h) Assistant laboratory workers ..	1,481	37

The investment allocation under the Five-Year Plan to the health services and national insurance totals 10.4 milliard Kčs.

Current items in all services pertaining to public health care and national insurance are excepted to total some 42.9 milliard Kčs.

III. Culture and Education

Education

In order that the State may provide basic and technical education for the entire population, the augmentation of the network of all types of schools is an essential prerequisite. It is of particular importance that this development should proceed at a greater rate in Slovakia than in the Czech Provinces, so that the gap in the cultural level of the two areas may be closed as quickly as possible. The necessity of the establishment of new school buildings and of the reconstruction and restoration of existing old schools is particularly urgent in view of the excessive rate of deterioration of the buildings in use at present. This deterioration in part resulted from insufficient maintenance during the German occupation, and partly from direct war damage. An added reason for the need for an increase in the capacity of schools rests on the fact that some 12 per cent of the national schools in the Czech Provinces are housed in temporary quarters, since school buildings are not available; and also in view of the growth in the number of pupils anticipated to result from the raising of the school-leaving age to fifteen. The educational development scheme under the Five-Year Plan envisages the elimination of the inadequacies listed above, though even on realisation of this task it will not yet be possible to reduce the number of pupils per classroom.

The establishment and erection of all types of schools is planned under the scheme: nursery schools (to be established primarily in connection with mothers' places of work); national and secondary schools, which are a basic part of compulsory education; basic technical schools, which under the new Education Act* are compulsory for all persons of school age who do not attend another type of school of the third grade, and finally schools of university rank. The total increase in terms of pupil-accommodation will be 3700 classrooms, i. e. 12 per cent over the 1948 figure. The investment allocation for education proper totals 5,386 million Kčs.

Science, Arts and Cultural Monuments

Reference Libraries: these will be developed both by means of new establishment and adaptation during the five-year period.

General Scientific Research Institutes: in this field a foundation will be laid during the five-year period for the establishment of five technical research institutes; the geo-physical research institute will be almost completed. The current needs of existing research and other scientific institutions are also provided for in the scheme.

Museums, Art Galleries and Theatres: The cultural development scheme under the Five-Year Plan comprises an essential measure of expansion and maintenance of museums, galleries, theatres, concert halls, and historical and artistic monuments, chiefly those which represent the cultural property of the state. The National Museum in Prague will be expanded by the erection of one additional floor at the main building, and the foundations will be laid for a new building to house collections that are at present cramped in unsatisfactory provisional quarters. The scheme provides not only for large central projects, such as e. g. the Náprstek Ethnological Museum, but also for other specialised and regional museums, regional art galleries and regional theatres.

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* Cp. *School Reform in Czechoslovakia,* Orbis, Prague 1948.

The investment allocation in this sector totals 840 million Kčs.

Physical Culture

The chief need in physical culture is the development of all types of physical training facilities, of which there is a serious lack. The chief facilities provided for under the Five-Year Plan include establishments for the training of instructors, and the erection and adaptation of playing fields and gymnastic grounds.

The chief project to be completed during the five-year period is the Tyrš University School of Physical Culture, comprising a teachers' institute and a faculty of physical culture under "Sokol"* direction, together with medical and military physical training.

The physical training and sports requirements of schools and associations are to be met by the establishment of 1,000 gymnasiums, 2,700 physical training grounds and playing fields, 40 swimming pools and 15 physical training centres.

In addition to the existing 3,200 gymnasiums and 1,500 playing fields attached to nursery schools and elementary schools 80 new school gymnasiums and 10 gymnasiums for the use of physical culture associations are to be built during the five-year period. The number of playing fields belonging to both schools and physical culture associations is to be increased by 1,950 over the present level of 6,200 during the five-year period. The number of swimming pools, at present about 400 (chiefly natural pools) is to be increased by 40 (mostly covered) pools.

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* Subsequent to the events of February, 1948, all physical culture organisations merged with the Sokol association, which is now the central physical culture authority for Czechoslovakia.—Tr.

The investment allocation in physical culture totals 973 million Kčs.

Popular Education

The effective enlargement of the scope of popular education, particularly in smaller towns and in the countryside necessitates the establishment of new popular education institutes, of which 18 are to be built in the Czech Provinces and 40 in Slovakia, and of lecture halls, the number of which is to be increased by 62 in the Czech Provinces. In Slovakia 32 popular education centres are to be established. The simultaneous renewal of equipment for popular education will involve an outlay of 15 million Kčs. The operation of public education will be made more economical particularly by the introduction of travelling libraries. The popular education authority will acquire 150 motor cars and 30 motor coaches at a total cost of about 26 million Kčs.

The research and investigation requirements of the adult education service will be met by the Masaryk Popular Education Institute which will be transferred to the public authority and the work of which will be adapted to serve the purposes of educational research and technically to assist the education service.

The investment quota allocated for the equipment of the popular education service totals 503 million Kčs.

Films

The aims of the cultural policy of the nationalised film industry will be attained by means of an expansion of the cinema network throughout the country and an improvement of the standard of picture and sound reproduction.

At the same time the gap in standards of performance in town and country cinemas is to be gradually eliminated and inadequate cinema buildings are to be replaced by standardised pre-fabricated structures.

In raising the number of cinemas in operation attention will be paid to their equitable distribution over the entire territory of Czechoslovakia. The numerical increase will be at the total rate of 50 per cent, i. e. the 2,650 cinemas operating at the end of 1948 are to be increased by an additional 1,379 cinemas to 4,029; 58 of these will be new detached cinema buildings.

Three hundred and fifty unsuitable cinemas equipped for 35 mm film will be converted for 16 mm film; in this connection especially the needs of the growing industrial centres are to be catered for. During the five-year period 80 per cent of present projector equipment is to be replaced by standardised projectors of home manufacture.

Investment outlay in cinema reproduction (which does not comprise film production) will total 889 million Kčs.

Radio

The development and equipment of the broadcasting stations at Prague and Plzeň is to be continued and new studio buildings are to be erected at Brno and Bratislava. In long-wave transmission, a new transmitter is to be established, the broadcast of which will be audible throughout Czechoslovakia. A new central short-wave transmitting station is also to be established. Radio development under the Five-Year Plan aims at bringing radio listening within the reach of every household. A radio research institute is to be established during the five-year period, one of the first tasks of which will be to investigate questions relating to the introduction of television.

Investment in the sphere of broadcasting totals 946 million Kčs.

Cultural Facilities at Places of Work

The demands of enterprises for the establishment of works schools, physical culture facilities, libraries and cinemas will be progressively satisfied during the five-year period. In particular 3.9 million Kčs will be spent on the equipment of factory libraries.

The total outlay on cultural facilities at places of work is 321 million Kčs.

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The investment programme under the Five-Year Plan stipulates a quota of 10.2 milliard Kčs for new development in education and culture.

Current items (operational expenditure) in all educational and cultural services will total about 38 milliard Kčs during the five-year period.

B. Individual Consumption

Planned increases in total annual consumption by 1953:

Food consumption:	Increase over 1948
Lard	67,200 Tons
Milk, Dairy Produce (in terms of milk equivalent)	22,5 million Hectolitres
Meat	289,200 Tons
Eggs	1 Milliard
Sugar	206,000 Tons
Wheat flour	193,600 Tons

By raising the consumption of foodstuffs of high protein content, i. e. milk, pork, eggs and cheese, as well as of fats and white bread (rolls) the Five-Year Plan will bring about an improvement in the quality level of nutrition and thus contribute substantially towards raising the standard of living.

Textiles:

	Increase over 1948
Woollen articles (in weight of yarn)	9,710,000 kg
Cotton articles (in weight of yarn)	660,000 kg
Silk and semi-silk articles	27.4 million metres

This increase in quantity will go hand in hand with a raising of the quality of textile goods. In cotton manufactures fabrics worked up from higher-grade fibres will be supplied to the home market and in woollen articles the average wool content will be raised from 30 per cent in 1948 to 70 per cent in 1953.

Footwear:

	Increase over 1948
Working shoes and boots	1,554,000 pairs
Sports shoes	344,000 ,,
Leather shoes	5,558,000 ,,
Children's shoes	290,000 ,,
Rubber footwear	6,920,000 ,,

This planned growth in the output of working boots and shoes thus aims to supply the requirements of workers primarily.

Furniture: Quantities supplied to the home market in 1953 will show the following increases over the 1948 level (in terms of money value): kitchen furniture by 135 million Kčs, living room furniture by 490 million Kčs, bedroom furniture by 221 million Kčs. 30,000 new households are to be completely furnished under the Plan. In addition to this, there will be at the disposal of consumers 40,000 kitchen sets, 40,000 bedroom sets, 54,000 living room sets, and 150,000 individual pieces, such as wardrobes, chairs, etc., as replacement for wear and tear.

Glass and Porcelain: increases will take place chiefly in utility ware. The total 1953 value of glass consumption will exceed the 1948 level by 270 million Kčs.

Metal goods: Total increase of consumption over the 1948 level will be (in terms of money value) 2,566 million Kčs in 1953. As regards transport vehicles the consumption of bicycles will be raised primarily; 20,000 more will be supplied to the home market than in 1948; consumption of labour-saving appliances will be stepped up chiefly in the following types of goods: sewing machines 50,000; electric washing machines 30,000, domestic electric refrigerators 23,000, domestic electric ranges 25,000, electric irons 150,000, vacuum cleaners 50,000. Other increases will include: photographic cameras by 40,000, radio receivers by 50,000, and typewriters by 2,000.

Tyres: supplies of bicycle and motorcycle tyres in 1953 will exceed the 1948 level by 755,000; these supplies will serve primarily persons travelling to work.

Books and printed matter: it is planned to increase the number of books published in 1953 to a level adequate to meet the demand.

Soap and soap powder: 1953 consumption will exceed the 1948 figure by 29,000 tons; the quality of both soap and soap powders will be improved so as to attain pre-war standard.

Housing

Out of the building investment quota of 39.3 milliard Kčs allocated for house-building, 9.7 million square metres additional living space is to be provided during the five-year period both in newly erected and in reconstructed houses, and the level of housing is to be improved through improvements in equipment and fittings and the more effective layout of flats. 4.7 milliard Kčs of the total house-building investment quota will be set aside for reconstruction purposes.

Additional Factors Contributing Towards Higher Living Standards

The home trade will contribute to the raising of living standards by ensuring constant supplies of consumer goods primarily to the working population and by extending and improving its services to consumers. The organisation of trade to this end will be made more economical and more effective and will be based on the socially more advanced modes of distribution. The flow of commodities will thus be balanced with the planned expansion of the whole economy.

Transport will similarly contribute to higher living standards by further improving the service and thus providing fast and comfortable travel to and from work and for recreational purposes.

Tourist travel in the people's democratic Republic serves the recreation of the widest masses of the working population. The cost of development for tourist travel under the Five-Year Plan will total 1,570 million Kčs.

V. Balance-sheet of Labour and Material Premises

The expansion of economic activity under the Five-Year Plan rests on the realisation of a number of conditions; hence the Plan stipulates in addition to production targets also the realisation of certain premises essential for the fulfilment of these targets. These are on the one hand the balance-sheets of labour, and material premises, i. e. investment, raw materials and foreign trade, and on the other hand, non-material premises, such as supply of capital, prices, wages and salaries, taxes, etc. These premises are listed in the Plan as balance-sheets. The "balance method" was introduced in the Two-Year Plan, and was developed and extended in scope in the Five-Year Plan. The purpose of balancing the various production factors is to coordinate and dovetail the individual aspects of the plan and thus to create the essential premises for the attainment of global tasks, as well as to coordinate the development of the individual sectors of the economic plan.

The production premises contained in the material balance-sheets of the Two-Year Plan were on the whole attained successfully. Nevertheless, the rate of attainment varied somewhat in different sectors and groups of premises.

Requirements of labour were more or less covered during the period of the Two-Year Plan and labour supply ceased to be, with certain exceptions (chiefly mining and agriculture) a bottleneck of the Plan. The main weight of the problem shifted to questions of skill and productivity of labour, its full and economical utilisation, and so forth. This latter situation remains substantially unchanged in the forthcoming five-year period, no matter to what extent the target figures may have increased. The question of the mobilisation of labour reserves, closely connected with the regional distribution of new investment and the expansion of existing productive capacity, will have to be solved. Absenteeism and fluctuation of labour must be energetically dealt with.

Many bottlenecks in material supply, which were a great source of worry at the beginning of the Two-Year Plan have been liquidated, e. g. coal and building materials, etc., while a number of new bottlenecks made their appearance in the course of the two-year period, e. g. timber. On the whole it may be said that during the transition from the Two-Year Plan to the Five-Year Plan greater attention must be given to the supply and economical use of raw materials. With the changes in the economic structure of the Republic, and higher production levels under the Five-Year Plan, much more raw materials will be needed.

Only 60 per cent of the investment scheduled under the Two-Year Plan was achieved, so that 40 per cent remains to be completed during the next five years. On the strength of provisional returns the following investment (expressed as proportions of the target) may be given for 1947: industry 24 per cent approx., agriculture 34 per cent approx., transport 42 per cent approx., public administration 28 per cent approx., global result 29 per cent approx.—At the same time the rate of investment in construction was greater than in maintenance and renewal. Since in spite of these shortcomings the production targets in industry were fully realised and in many cases even exceeded it becomes clear that considerable hidden reserves of capacity in industry were brought into play which could not be taken into account in the preparation of the Two-Year Plan.

In foreign trade also we find at the point of transition from the Two-Year Plan to the Five-Year Plan a situation rather different from that during the initial stages of the Two-Year Plan. The harvest disaster of 1947 resulted in an increased demand for food imports, which used up a large proportion of the financial means that would otherwise have been available for the import of industrial raw materials. At the same time supplies to the home market were severely curtailed as a result of the increased commodity export necessitated by imports of food. First priority must therefore be given during the initial years of the five-year period to the fulfilment of import and export targets, and to the task of laying more comprehensive and more permanent foundations for our trade with states with a planned economy.

Labour Balance Sheet

Attainment of the aims of the Five-Year Plan is dependent upon realisation of the stipulated increases in the labour force in various economic sectors and upon a simultaneous and corresponding improvement of labour productivity.

The premises for increasing productivity are given in increased rationalisation of production by means of new equipment and machinery, in the more effective organisation of work and production layout, in the elimination of below-average rates of output and of absenteeism and fluctuation of labour. Thus, higher output per worker, the realisation of a planned mechanisation programme and improvements in production layout will make it possible to achieve the following approximate increases in productivity in the various sectors during the five-year period: agriculture and forestry 20 per cent, building 53 per cent, industry (global average) 32 per cent, transport (average)

30 per cent. These increases in productivity, the essential condition of the successful realisation of the tasks of the Plan, will require a number of technical, organisational and social measures. In particular it will be necessary to utilise to the full the creative initiative of the workers, to improve cooperation between management and employees' associations, to improve working methods, health and hygienic conditions in places of work, etc. The economic and political enlightenment of the widest masses of the working population regarding the importance of greater productivity to the accelerated expansion of the entire economy will be of first significance in this drive.

In several sectors of the economy it will also be necessary to increase the labour force; the numerical rate of increase, however, need not and in many cases will not be proportionate to the rate of growth in production and other sectors of economic activity, since increase of output can be attained through net investment, modernisation of equipment, improved production layout, and increased effort. The following increases in the total labour force employed in the most important economic sectors are stipulated for the five-year period:

	(new labour—1,000 employees)
Industry	254
Agriculture	35*
Forestry	11
Building	105
Transport	20
Health services, social welfare, education and adult education	42
	(approximate figures)

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* The increment refers to permanent employees in agriculture: the total number of persons active (employed and self-employed) in this sector will be reduced by 5 per cent during the five-year period.

The gross increase in the labour force in the entire economy totals approximately 482,000 persons; since however, the number of employees in the public administration, in trade, finance, insurance and agriculture is to be reduced by some 205,000 persons, the net increase in the productive labour force is 277,000 persons approximately. Of course, current losses (death, retirement, marriage, change of employment) will have to be made good over and above this new growth.

Allocations of new labour are conditional upon the output level defined by the Plan. Economies in labour expected to result from the realisation of the investment programme and the effects of organisational improvements and growth of per capita output are also taken into account.

In all cases of employment of new labour or of a revision of the existing labour situation it will be the duty of management in all enterprises, factories, offices and institutions to ensure that the total labour force employed does not exceed the minimum essential number of employees, after the conditions of full utilisation of working hours and correct direction of employees to appropriate jobs have been fulfilled. Economy in dealing with the human element in production is of first importance, since reserves of labour are limited. In addition, it is necessary everywhere to raise the productivity of work.

The stipulated growth of the permanent labour force in agriculture is justified by the fact that this sector (particularly in the Czech Provinces) is notoriously and chronically under-staffed, chiefly in livestock production. Certain economies in the labour requirements of this sector are expected to result from the mechanisation programme; however, the production target involving a growth of output by 16 per cent over the 1948 target as originally stipulated under the Two-Year Plan will make a certain increase essential. A progressive slowing-down of this rate of growth, however, is expected. In forestry also new workers will be required, in order to fulfil output and investment targets under the plan, particularly in the border regions of Bohemia.

The stipulated growth of industrial output under the Five-Year Plan (i. e. 57 per cent over the 1948 level) necessitates a substantial increase of the labour force in industry. In particular in iron and steel and in the engineering industries the tasks are of exceptional magnitude. Hence two-thirds of the industrial labour increase stipulated under the Plan is allocated to these two sectors. Special attention must be paid to the problem of making hitherto neglected sectors of industry—as mining, clay, stone and ceramics, etc.—more attractive to labour.

The total labour force in building is to grow by some 50 per cent over the 1948 figure. In addition to this increase, however, a substantial rise of productivity must be effected if the high target in this sector is to be attained. While a small reduction in the number of employees is envisaged in rail transport, personnel in road, postal and air transport will be increased; a special problem here is to increase the proportion of female labor employed in transport. Personnel requirements in the health services, social welfare, culture and education should be viewed in the context of the growing importance given to these sectors in the Five-Year Plan.

The growth of the labour force is limited by the capacity of the resources from which new labour can be drawn, and by their regional distribution. Chief reliance is placed on population increases though in view of the fact that the present generation of juvenile entrants is largely drawn from the "slump" years the *immediate* outlook in this direction is not altogether promising. In the Czech Provinces we must even anticipate a decline in the number of persons of productive age, which will, however, be more than made up for by a growth in Slovakia. Re-immigration represents a further source of manpower. In order to raise the total proportion of the productive age groups employed in production, an increasing number of women and of persons with reduced capacity for work are to be attracted into production. The proportion of the productive age groups which were gainfully occupied in 1947 amounted to 91.5 per cent of men and 52 per cent of women (including persons in family employment). It can be seen that women represent a far greater source of new labour than men, so that the need for taking all measures enabling them to participate in the productive process is seen to be urgent. Special attention will be given to persons not inclined to work, where recruitment is primarily an ethical duty.

The influx of new labour must go hand in hand with a redistribution of the existing labour force. One of the results of the increasing mechanisation of agriculture will be to increase the reserves of labour to be found in the families of farmers, chiefly in Slovakia. It will further be possible to transfer a number of persons from trade, finance, insurance and the public administration services to production. This method of direct transfer will, however, be employed here only to a lesser extent; a reduction in the total number of persons in these sectors will be achieved by reducing the rate of replacement of losses incurred through death, retirement and marriage. Transfers from the commercial and administrative sectors to the production sectors will be the subject of special regulations under the Five-Year Plan.

The labour policy outlined here implies important considerations regarding the regional distribution of net investment. A tendency of production programmes to allocate production tasks to existing industrial centres—which are most subject to labour bottlenecks—can often be observed.

In the interest of the mobilisation of labour reserves it becomes desirable to multiply opportunities for work chiefly in those regions where labour reserves exist. Insofar as it is necessary to add to the productive development of present industrial centres care must be taken to provide housing and other social facilities.

In view of the declining number of young persons around the age of 15 (the age group born in the depression) it will not be possible to meet fully the requirements of industrial and artisan production for juvenile entrants. All production sectors will be faced with the necessity of providing skilled labour also by the selection and training of skilled cadres from among the workers employed in the sector. The influx of juveniles will be carried out under preliminary distribution plans, prepared with a view to the economic requirements of the state and the physical and mental capacities of the entrants concerned.

All these measures will make it possible to balance the maximum requirements of labour envisaged by the Plan with the resources available. The lessons taught by economic planning in the USSR are of course just as valid in our conditions: *"The decisive factor in the realisation of the Five-Year Plan is the influx of new labour to industry, transport and building. There are not a few leading persons in our economy who expect that workers will be allotted them on the basis of mobilisation of labour. These people fail to realise that labour difficulties resulting from the post-war situation are not unpredictable, and that these difficulties can be overcome only through a transition to new forms of recruitment and new methods of work. It is essential to mechanise production with all the means at our disposal and to create better conditions of life and work within our factories, in order to reduce our workers' drudgery and raise their level of skill..."*

Balance Sheet of Raw Material Consumption and Economy

The realisation of output targets set by the Five-Year Plan rests on the most economical use of basic raw materials and other essential materials, of which many, in view of the wide expansion of economic activity foreseen by the Plan, will remain bottlenecks. The need for economy arises primarily from the fact that Czechoslovakia is in the matter of raw materials dependent on imports. The situation in raw materials will be rather more difficult than it was during the period of the Two-Year Plan since industrial production working at full capacity quickly depleted accumulated stocks of material; pressure to ensure a careful husbanding of resources will thus have to be applied from the beginning. The situation has however improved in several other respects: administrative procedure relating to the distribution of certain raw materials (iron and non-ferrous metals) was perfected during the two-year period, and an allocation scheme was devised for certain other important materials (cement, bricks, timber).

The balance-sheet of raw material consumption is based on the principle of maximum utilisation of domestic and local resources. The construction of the balance-sheet of consumption itself will compel all consumers to discover and apply every available means of economy, through adaptation of machinery and of processing methods, the accumulation of appropriate reserves, etc. This tendency towards economy will be further intensified during the five-year period, and increased attention will be paid to exact compliance with consumption limits. The balance-sheets for individual types of raw materials list for the first time economy targets among the methods of defraying essential requirements, in addition to expected domestic production and imports. The consumption side of the balance-sheets lists allocations for the various sectors which will be sufficient to cover requirements only if maximum economy is practised. This side of the balance-sheet also gives export requirements and essential reserves.

The scope of the tasks involved in this policy of raw material saving—the introduction and maintenance (servicing) of the right type of machinery and equipment, the raising of mechanical efficiency, compliance with prescribed consumption standards and the creation of reserve stocks, eliminations of production scrap and rejects, and so forth, will be progressively stepped up during the five-year period. The attainment of these tasks will be aided by a general reduction of production overheads. First and foremost, definitive consumption limits will be published as quickly as possible; the strictest possible standards will also govern the planning of reserve supplies. Thus consumers will be able to negotiate dates and terms of delivery considerably in advance. In order to ensure effective control over distribution of materials in accordance with the provisions of the Five-Year Plan, a central control authority will be established and progressively expanded; this measure should facilitate the constant supervision of the entire supply situation.

Legislative and other measures taken under this scheme will be designed to the following purposes:

a) To ensure systematic training of skilled cadres and all other employees in enterprises, and the focusing of their interest on production results, through the development of an appropriate system of rewards for savings achieved in raw material consumption, the utilisation of waste materials, for proposals to employ substitute materials, for the elimination of production rejects, etc.;

b) to provide constant publicity so as to bring the necessity of economy in the use of raw materials home to the widest sections of the population;

c) to unify the organisation, at all levels, of the collection of waste materials which may be utilised as, or substituted for essential raw materials;

d) to accelerate the establishment of executive posts of "economy controllers" in all sectors of the economy; holders of these appointments will be responsible for compliance with regulations relating to savings in the consumption of raw materials and power, and will, in cooperation with the works planning service, control the current implementation of these tasks;

e) to ensure the preparation of consumption standards for individual types of materials as well as of regulations determining the establishment and augmentation of reserve stocks;

f) to ascertain and supervise the technical condition of production equipment and equipment used for the processing of raw material, as well as of equipment used for the distribution and consumption of power;

g) to direct the activity of the planning and construction service of all sectors of the economy towards economy in raw material consumption;

h) to build up central authorities charged with supreme control of raw material supply. The work of these authorities will make it possible to obtain a complete survey of the material supplies available at any time;

i) to direct research activity to the task of obtaining further essential materials from local and domestic resources, and of investigating possible uses of substitute materials and savings of raw materials.

Investment

The investment programme represents one of the central aspects of the entire Economic Plan, since it determines the rate of economic expansion as well as the direction of that expansion, and thus directly bears on the development of the standard of living of the population. The provision of the Act setting out the total investment target represents one of the most significant planning decisions, since—assuming existing production capacity to be fully utilised—it very largely determines the productive ability of the national economy as a unit, over a period of time far beyond the immediate five-year period of the Plan. This decision, respecting the volume of investment under the Plan, is affected, in addition to the available domestic or imported resources for the provision of production equipment, also by the volume of consumption determined for the five-year period. It must be borne in mind, however, that investment creates the conditions which make a further expansion of consumption possible, that is to say investment is the premise on which any increase of consumption must be based.

The growth of the national income and the level of investment, it has been shewn, are interdependent. While it is generally true that the allocation of an excessive percentage of the national product to capital formation necessarily involves a short-term curtailment of direct national consumption, in Czechoslovakia's present situation the relatively large proportion of investment is justified by the expansion and conversion of the economic structure inevitable in virtue of the structural changes taking place in the world economic situation; without this investment, consumption could not even be maintained at the pre-war level, let alone be stepped up in the manner laid down in the basic directives of the Five-Year Plan. The anticipated increase of the national product and hence of national consumption, it should be remembered, implies a substantial raising of the import quotas of raw materials and of certain types of food products. Since, on the other hand, the traditional export commodities of Czechoslovak industry (textiles, glass, ceramics) can no longer rely on world markets in consequence of the changing structure of world trade, it is imperative to concentrate Czechoslovakia's industrial production on those sectors the products of which can find an assured and permanent market in the new market conditions, i. e. primarily engineering, chemicals and other technical products.

This conversion of the industrial structure and the investment demand created thereby tend to make it possible during the five-year period to raise national consumption at a rate which would be unthinkable within the structural framework inherited from the pre-war capitalist economy. Thus the volume of net investment specified in the Act is the result not of speculation, but of the general economic situation. With this in mind, it should be stressed that the total investment quota under the Five-Year Plan represents the essential premise on which the growth of national consumption must be based.

In accordance with its nature a substantial proportion of the investment total—some 30 to 35 per cent, it is provisionally estimated—is allocated to renewal which must be carried out if we are to avoid drawing on our capital: this current investment is to be financed out of sinking funds. Deducting this item from the total investment, we obtain a figure of approximately 219 to 235 milliard Kčs representing capital accumulation, i. e. investment allocated towards increasing the national wealth. In terms of the foregoing estimates the proportion of the national income apportioned to accumulation will total some 16 to 17 per cent over the five-year period. This "new" investment includes a substantial allocation to social, health and cultural development, i. e. to facilities contributing directly towards a higher standard of living; this item totals 28.6 milliard Kčs.

Special care and emphasis is given in all the aspects of the Five-Year Plan to the question of the reasonableness of the annual investment targets, particularly because the investment programme under the Two-Year Plan was not realised fully. As regards the machinery and other production equipment which is to be manufactured by industry, industrial production plans ensure that the capacity of the relevant industrial sectors will be sufficient to cover the demand. The import programme under the Plan further provides for the purchase of equipment abroad where necessary. The capacity of the building industry, in consequence of completed nationalisation and on condition of the fulfilment of certain essential pre-requisites (in particular the allocation of building materials and labour) will be fully adequate for the projects envisaged in the Plan.

The assessment of the total volume of investment under the Five-Year Plan was affected by development tasks taken over from the Two-Year Plan, by the development tasks on which the Five-Year Plan itself is based, and last not least by requirements of reconstruction and renewal. In agreement with the fundamental conception of the Five-Year Plan, the chief character of the "new" investment programme consists in the expansion and development of primary production, i. e. firstly, power supply, iron and steel, and heavy engineering, chemicals, building materials and the building industry proper. The total investment target in terms of the individual economic sectors is as follows:

	Equipment	Construction (Milliards of Kčs)	Total	Per cent of Total
Industry	87.3	44.6	131.9	39.2
Agriculture	15.0	11.8	26.8	8.0
Building	3.9	0.7	4.6	1.4
Transport	29.8	23.1	52.9	15.7
Trade (incl. tourist)	3.1	1.9	5.0	1.5
House-building	—	39.3	39.3	11.7
Social, health and cultural services..	14.2	14.4	28.6	8.5
Public administration	6.0	41.1	47.1	14.0
Total......	159.3	176.9	336.2	100.0

The distribution of the total investment among the individual production sectors and services was carried out in the light of the fundamental principles of the Five-Year Plan and in the order of importance of the individual sectors and industries for the expansion of the entire economy.

The investment dealt with so far is "real" investment; in addition to this total quota of 336.2 milliard Kčs certain additional development is foreseen, which, however, will make no demands on production and involve no allocation either of labour or materials under the Five-Year Plan.

Foreign Trade

Planning of foreign trade has to deal with specific problems inherent in the character of that economic sector. This aspect of the Plan is, in distinction to its other sections, affected also by factors which are outside the scope of Czechoslovak economic planning. These factors are the consequences of international economic conditions; for the development of foreign trade is the result not only of our own effort, but to a large extent the result of our negotiations with partners outside the sphere of Czechoslovak economic planning. Within the framework of the general Plan the construction of a foreign trade programme derives from several specific schemes, in particular the aspects dealing with production, investment and marketing. On the other hand, the realisation of these latter and all other aspects of the Plan dependent on imports is directly dependent on the fulfilment of the target in foreign rade. The special character of this aspect of the Plan makes it clear that fulfilment of the target is determined by our ability to meet our partners' requirements on competitive terms, chiefly in terms of quality, price, and terms of delivery.

The importance of foreign trade in the Czechoslovak economy, which to a decisive extent relies on imports of raw materials, is shown by the fact that fundamental changes in the character and direction of economic activity were made necessary by the new situation prevailing in world trade; this situation, in fact, was one of the decisive factors in the reconstruction of our economy as it is envisaged in the Five-Year Plan. This structural conversion makes it possible to sell in the world market those types of products for which favourable conditions obtain, and it obviates the necessity of competing on the basis of starvation wages as was the case in the previous structure of the economy. This development in turn creates the premises for imports adequate to ensure the further expansion of the economy, and thus also for the raising of living standards. This planned conversion particularly in the field of heavy engineering, rests not only on Czechoslovak internal requirements but also on the necessity of contributing to the modernisation and development of the states with a planned economy in southern and south-eastern Europe, i. e. on the consequences of our political ties with those states.

The focusing of foreign trade mainly on the states with a planned economy favourably affects the realisation of another important aim of the Five-Year Plan, i. e. to reduce the sensitivity of the Czechoslovak economy to international economic and trade fluctuations: this development substantially limits the unpredictable influence on the Czechoslovak economy of the economic fluctuations prevalent in capitalist states, and helps to eliminate the shocks liable to arise in foreign trade as a result of recurrent capitalist crises. Hence the existing long-term economic agreements entered into with the countries with a planned economy, and further negotiations in this direction, are an important element in the structural changes taking place in the Czechoslovak economy. The part in our foreign trade played by trade with the states with a planned economy will (it is estimated) increase by almost one-half of its total volume over the five-year period. This factor however as part of the general anticipated increase in our foreign trade turnover does not affect the expansion of our economic relations with other states; these relations will continue to be pursued with undiminished intensity.

The governing function of foreign trade under the Five-Year Plan is to ensure imports, essential raw materials, and components for production, certain types of capital equipment required for the expansion and transformation of the economic structure, as well as foodstuffs and certain consumer goods contributing to the planned rise of the standard of living. Foreign trade is further charged with the task of creating the necessary surplus of capital to cover the deficit in the balance of payments incurred by other economic sectors. The fulfilment of these component targets rests upon a substantial increase in the total volume of trade which is so planned as to exceed the 1948 level by about 40 per cent in 1953. As regards the types of goods represented, the biggest importers are the food and textile industries, followed, at a considerably lower level, by the chemical, engineering, iron and steel, leather and rubber industries; the biggest export industry under the Five-Year Plan will be metal and engineering, followed by textiles, exporting less than half of the first, iron and steel, food, and finally leather and rubber.

The chief problem of our foreign trade is that of providing the foreign currency required to obtain essential imports and to equalise the balance of payments. The fulfilment of all planned export targets including total volume, countries of destination, types of commodities, and time limits, requires the fullest effort and understanding on the part of all persons directly or indirectly concerned. Strong competition must be anticipated since the world market has again become a buyer's market after the short spell of the post-war seller's paradise. On the other hand our chances are favourably affected by the emphasis placed on the products of those sectors which stand the best chance in the changing conditions of international trade. This circumstance will contribute to place our foreign trade on a sounder and more solid basis, and will thus help to safeguard the constant growth of our economy and immunise it against the harmful influence of foreign capitalist economies.

The problem of securing the required volume of foreign exchange, however, must be tackled not only by way of the fulfilment of export targets, but also through maximum economy in imports and utilisation of all resources and instruments available at home. It is further essential to ensure the most advantageous operation of foreign trade, particularly as regards prices (of both imports and exports) and overhead. The elimination of excess imports and overhead in the operation of foreign trade represents a saving of currency which will help to reduce the volume of exports needed to pay for essential imports and to redress the balance of payments, and will thus make a larger proportion of commodities available in the domestic market which would otherwise have to be exported. Equal effort must therefore be devoted to the task of attaining the best results in this field.

To sum up, the central problems of foreign trade are, on the one hand, the effort to fulfil the export target particularly by way of the production of high-grade goods capable of competing in world markets and honouring of agreed delivery terms and time-limits, and on the other hand, the need for maximum economy in the consumption of imported goods, particularly raw materials, in view of our dependence on imports in this respect. The successful attainment of these pre-requsites makes it essential that all sections of the working population and management render effective cooperation, use individual initiative, and show a full understanding of the basic importance of this problem in our economy.

VI. Regional Tasks of the Five-Year Plan

In its function of a recovery programme the Two-Year Plan was charged with the subsidiary task of giving an essential measure of aid to the economically backward regions of the Czech Provinces. The degree of success achieved in the realisation of this task may be judged by the fact that by the beginning of 1948, the number of new opportunities for work in industry (without artisan production) in areas which were threatened by complete depopulation, totalled 26,700.

In addition, the "800 Million Kčs" drive provided a foundation for the establishment of a number of new industrial enterprises which will further contribute to raising living standards in these backward regions.

While the Two-Year Plan provided goals only for the renewal of the existing economic structure, the Five-Year Plan involves far-reaching changes in that structure. Planning can therefore no longer be confined to the distribution of tasks in terms of types of production or manufacture, but must deal with the viewpoint of the regional distribution of production targets as well. The attainment of the basic aim of the Plan, which is to ensure a large and constant expansion of productive capacity and a rising standard of living of the broad masses, demands a correct regional distribution of production targets, since this factor directly affects regional development in a number of respects, by:

a) determining the level of employment in industry;

b) exerting a considerable influence on the level of employment in artisan production, building, the public and civil service and in agriculture;

c) in a large number of ways determining construction investment in other economic sectors;

d) determining the rate of economic, social and cultural expansion, and thus partly also the regional resettlement policy;

e) determining the standard of living of the population and thus affecting the aim of redressing the balance of the standard of living of various sections of the population;

f) indirectly determining the rate of growth of productivity in the entire state, not only by defining the rate of saving attainable in economic activity, but also by determining the participation of the population and its share in the fulfilment of the Plan.

Two basic tasks therefore have to be solved under the Five-Year Plan: on the one hand, a correct distribution of productive capacity in the Regions must be attained, and on the other hand, operative plans must be perfected and dovetailed from the regional viewpoint. The widest participation of the people is essential in this task and the people's initiative must be a guide of policy.

A. Economic Expansion of Slovakia

One of the fundamental tasks of Czechoslovak economic planning, a task which was set out in the Statement of Policy of the first Gottwald Government, is the gradual balancing of the economic and social level of Slovakia with that of the Czech Provinces. The pre-requisites for the fulfilment of this task are, firstly, the industrialisation of Slovakia, and secondly, the raising of productivity in agricultural production. Although only the foundations of a planned industrialisation scheme were laid under the Two-Year Plan, remarkable results have been achieved, as may be judged both from the steep increase in the national income and from the expansion of industrial production and the level of employment. Slovakia's national income grew by 30 per cent during the two-year period.

The degree of fulfilment of the industrial production target under the Two-Year Plan over the first 18 months of 1947/48 was 103.8 per cent.

The level of employment in industry (without the building industry) rose from 142,000 persons actively engaged in January 1947 to 175,500 persons on August 1, 1948, or by 23 per cent. The value of Slovak industrial production grew from 6.5 milliard Kčs in the first quarter of 1947 to 8.8 milliard Kčs in the first quarter of 1948, i. e. by 35 per cent. The productivity of labour grew 18 per cent over the 1937 level. These data confirm the speedy development of industrial production and of productivity in Slovakia under the Two-Year Plan.

The transfer of plant and equipment to Slovakia from the Bohemian border regions has been completed for the most part; 24,000 new opportunities for work have been created in Slovakia by this operation. The construction of 40 new industrial enterprises is in progress. Since however the scope of this programme exceeded the possibilities and means of the Two-Year Plan, it will be completed within the framework of the Five-Year Plan. The target set for the construction of large hydro-electric power stations, to provide the power on which further industrialisation is dependent, was fulfilled to a substantial degree. War damage (which was considerable) has been partly repaired in rail and road transport, in industry, and, to a lesser extent, in housing. In agriculture the two-year period saw the foundations being laid for a mechanisation and rationalisation of agricultural production methods, including the establishment and equipment of tractor and machinery stations.

The success of industrialisation is particularly evident in the speedy growth of the level of employment in industry. While in former capitalist conditions of production no premises were created for a real expansion of industry and thereby for a general expansion of productive capacity in all sectors of the economy, and certain types of industrial manufacture in industry were even discontinued during the pre-war period, the conditions created by the people's democratic order enable industrialisation to proceed at an intensive and planned rate. The number of persons employed in industry grew on an average by 20,000 annually during the two-year period, a result incomparably greater than any achieved in a former period of Slovakia's economic development. This speedy rate of industrialisation will be maintained during the five-year period.

The Five-Year Plan envisages an intensification and a speeding-up of industrialisation, and of Slovak economic expansion in general. The fundamental aim of redressing the balance between the economic level in the eastern and western parts of the state, which was under the Two-Year Plan expressed in the high proportion of investment allocated to Slovakia is a feature also of the Five-Year Plan. Slovakia's total investment allocation is 96.2 milliard Kčs, i. e. 28.6 per cent of the total for Czechoslovakia, while the average annual investment quota is close to double the figure under the Two-Year Plan; it will thus be possible to accelerate economic expansion at a fairly fast rate.

It becomes clear that the Five-Year Plan not only presents Slovakia with considerable opportunities for further expansion, but imposes new tasks of exeptional magnitude. The favourable progress of the Two-Year Plan in Slovakia gives a very promising account of the ability of the Slovak population to exploit the opportunities for expansion offered under the Five-Year Plan; these results promise that the valuable investment which is to be undertaken in Slovakia will be spent effectively in accordance with the provisions of the Plan, so that in future planning periods the Slovak economy will be enabled to progress under its own power for the benefit of the entire state.

The chief instruments of economic growth in Slovakia employed under the Five-Year Plan are these:

1. Industrialisation; chief emphasis will be placed on the construction of the power basis, i. e. primarily the exploitation of hydro-electric energy, and the construction of new industrial plant;

2. Increasing the productivity of labour in agriculture, as well as the mechanisation and rationalisation of production methods in this sector chiefly by means of increasing animal production and with the help of new production methods;

3. Investment in transport, building, in the sphere of public works, the social and health services and tourist travel;

4. Investment in cultural facilities, with special emphasis on the expansion and development of education, in particular of the basic and specialised technical training of apprentices and entrants.

The industrialisation of Slovakia will lead to further far-reaching changes in the structure of that country during the course of the five-year period: in particular, the ratio of the number of population engaged in industry to the agricultural element will be fundamentally changed in favour of the former, which will also help to reduce the pressure on the soil. The particular attention given to Slovak economic expansion will be manifest also in the growth of the national income, which will grow by 60 per cent during the five-year period as against the corresponding figure for the entire Republic (49 per cent). By furthering the development of industry, and the growth of agriculture, and thus contributing to raising the social and cultural level of the people, the Five-Year Plan will do much towards the achievement of our chief political aim, which is the elimination of inequalities between the eastern and western parts of the Republic, the strengthening of the unity and power of the entire state and further progress on the road to socialism.

Industry

The further industrialisation of Slovakia under the Five-Year Plan will find expression in a growth of the gross value of production by 75 per cent over the 1948 level and by the creation of about 90,000 new opportunities for work. The furtherance of artisan production and increased participation of that sector in planned production will contribute to the growth of production and to higher living standards in Slovakia.

Investment allocations to the completion of industrial plant under construction, to the construction of new plant, to the rationalisation and modernisation of production methods in existing enterprises and to the furtherance of artisan production total 30.9 milliard Kčs, i. e. 23.4 per cent of the Republic's industrial investment.

In *mining*, output of coal and mineral ores will be increased and intensive geological investigation will be carried out.

In the *iron and steel* sector the most extensive scheme is that for the construction of new plant. In addition to the modernisation and rationalisation of production methods in existing enterprises, industrial plant under construction during the two-year period will be carried to completion. The level of production is to grow by a substantial margin above the 1948 figure.

The development of *power* production is of prime importance for the industrialisation and further economic progress of Slovakia; hence the bulk of the investment allocation to the power sector will be spent on accelerating the rate of opening up sources of water and hydro-electric power.

Hydro-electric power stations now under construction will be completed and additional power stations will be established. A further 1000 parishes will be connected with the electricity grid. The construction programme in this sector is designed to raise power output to more than three times the 1948 volume during the five-year period. The tempo of industrial development and its ambitious scope is determined by and dependent on this speedy growth of power supply.

Chemical production is to double during the five-year period. In the *glass* industry, production methods will be rationalised and modernised and in the *clay, stone and ceramics* sector output of bricks, cement, and concrete blocks is to be expanded to almost double the 1948 volume; an adequate rate of expansion of the production of building materials is a basic pre-requisite of the fulfilment of the large investment target set by the Five-Year Plan.

A substantial expansion and diversification of production is to be effected in *cellulose* and *paper* manufacture.

In the *woodworking* industry, the construction of two integrated woodworking plants for eastern and central Slovakia respectively is to be completed. A new plant for barrel-manufacture is to be erected; in Western Slovakia a new veneer and plywood plant is to be erected and the construction of a furniture factory is to be completed. Development in the woodworking industry is directed towards a more economical method of processing and use of timber, which has been carried out in a very wasteful fashion so far. The volume of production in this sector is to grow to 1½ times the 1948 volume.

In the *textiles and clothing* sector the construction of plant begun during the two-year period will be completed and production will be diversified and modernised in a number of existing enterprises. The volume of production will grow by one-half during the five-year period.

Output in the *leather* and *rubber* industry, as a result of an extension of production, will double the 1948 level during the five-year period.

In the *food (processing)* sector a more complete utilisation of both crop and livestock products will be attained through new capital development and modernisation of existing plant which will create the pre-requisites for a more constant and higher-quality food supply. The development of refrigeration and deep-freezing plants begun in the Two-Year Plan will be completed and a network of dairies and milk collection centres will be developed. In addition the construction of an edible fats plant will be completed and the production of beer and malt will be increased. The total output of this sector will increase by more than one-half over the 1948 level during the five-year period.

Agriculture and Forestry

Slovak agricultural production will be so furthered and developed during the five-year period—particularly in regard to livestock production—that the value of the product in 1953 will exceed the target for 1948 by 37 per cent, thus ensuring an improved food supply and a higher standard of popular nutrition. The total output increase is to be divided between crop and livestock production in a proportion of 11 per cent and 98 per cent respectively.

This increase and improvement of agricultural production in Slovakia is to be aided by an investment allocation of 9.8 milliard Kčs, i. e. 36.5 per cent of the global investment in agriculture.

Equipment investment will involve the further mechanisation and rationalisation of production methods in agriculture, lighten the Slovak farmer's labour and make farming more profitable. The increase of output and the rationalisation of agricultural production methods is to be ensured by the establishment of a further 2,500 equipment cooperatives.

Construction investment will be devoted chiefly to the construction of farm buildings and living quarters on land distributed under the land reform, the repair and reconstruction of farms damaged by war, the construction of buildings serving for the improvement of cattle and poultry breeding and the general increase of plant and animal production. In regard to the improvement of cattle breeding great attention is being given to the development and improvement of pastures and meadows.

Investment in *forestry* will be devoted chiefly to the mechanisation of cutting and transport of timber. Improved transport conditions are to be secured by the construction of some 3,000 kilometres of both unsurfaced and surfaced roads in forests. In forestry, which is an important component of the Slovak economy and the premise for the expansion of a number of industrial sectors, continued attention will be given to the liquidation of damage caused by uneconomical exploitation during the war, to the accelerated afforestation of clearings and non-afforested areas and to the elimination of waste and production losses both in the output and utilisation of timber.

Transport

The transport investment in Slovakia totals 13.9 milliard Kčs, i. e. 26.3 per cent of the global investment in this sector.

In rail transport the reconstruction and renewal of war-destroyed and damaged bridges and of rolling stock and locomotives will be continued. In order to increase transport capacity the first stage of electrification on the Košice—Bohumín line will be completed. The chief railway junctions will be rebuilt. Five routes at present under construction will be completed.

In road transport the network of coach lines will be extended and the scope of regular truck haulage services will be increased, so as to bring the countryside closer to the towns.

In *shipping,* the Danube fleet will be enlarged by the addition of a number of new vessels and the loading quays at Bratislava and Komárno will be adapted and improved.

In *air transport* increased care and attention will be given to necessary works in connection with the Bratislava airport.

In the field of *postal communication services* the telephone and telegraph facilities will be further improved and extended and the trunk service will be developed.

Hydro-technical Projects and Other Public Works

In addition to the hydro-electric power stations of which mention has already been made, this sector comprises public building projects, roads and paths, bridges and hydro-technical projects. The total investment allocation in this sector (including power stations) it to be 15.3 milliard Kčs, i. e. 32.4 per cent of the global target. Work will be taken in hand to make the Váh river navigable and to regulate a number of other waterways so as to provide irrigation of the soil and flood protection. As regards public building projects, new administrative buildings will be erected chiefly for the selfgoverning people's administration. Work will be started on the systematic improvement of public highways and on the reconstruction of inadequate roads and paths. The replacement of wooden provisional bridges by permanent structures will be continued.

Tourist Travel

Hotels, spa buildings and tourist huts and other recreation facilities will be constructed at a total cost of 810 million Kčs, i. e. 51.5 per cent of the total investment in tourist trade. These schemes will establish improved recreational facilities for all sections of the working population from all parts of the state. The tourist trade will play an important part in the economic development of a number of regions in Slovakia.

Social Welfare, Health Services, Education and Culture

New living area of altogether 3.39 million square metres will be constructed in Slovakia during the five-year period both by means of new house-building and adaptation of existing buildings at a total cost of 13.7 milliard Kčs. The standard of housing will be raised through the improved equipment and more effective layout of flats. The housing scheme will concentrate primarily on the construction of living accommodation in new industrial centres and in the reconstruction of war damaged houses. In order to enable women to take an increasing part in the economic expansion of Slovakia crêches of a total capacity of 2,650 beds will be established, which represents 254 per cent of the 1948 capacity. 100 new seasonal homes for 5000 children will be erected and the total capacity will be increased by 200 per cent. Other projects in this sphere include the establishment of 10 regional homes for 1,500 children, 4 institutions for 600 children and the establishment of 1,500 new school kitchens. Older children and young persons will be catered for by the establishment of youth homes of a total capacity of 7,000 beds and 3 recreation homes, so that the total capacity of youth homes will grow by 200 per cent during the five-year period, 3 institutes for physically or mentally defective young persons will be constructed and 2 further institutes for elderly persons incapable of work will be completed. These facilities contributing to raising the standard of living of the working population will require an outlay of 1.6 milliard Kčs, i. e. about 20 per cent of the total investment allocation to social services.

New construction and extension of hospital capacity will provide an additional 3,400 beds, the capacity of specialised institutes of treatment will be increased by 500 beds, which represents a substantial increase over the 1948 capacity. Further increases over the 1948 level will be effected in mother-and-child welfare by the establishment of 4 mother-and-child clinics of a total capacity of 420 beds. Five calmettisation institutes with a capacity of 250 beds will be established for the treatment of tuberculosis and an institute for the treatment of infantile paralysis will be erected. The advisory health service will be assisted by the establishment of 86 national health institutes (including branch centres). Total investment in Slovakia in preventive medicine and treatment amounts to 3.4 milliard Kčs, i. e. about 33 per cent of the total health allocation.

The planned growth of the Slovak economy is not possible without a corresponding growth of the level of education and culture. Exceptional attention is therefore paid to the development of education and cultural services, as is shown by the investment allocation of 4.2 milliard Kčs in this sector, i. e. about 41 per cent of the global investment. Some 60 per cent of this allocation will go to education proper. The number of classrooms will be increased by 2,080. A training centre will be established for the instruction of workers and the training of qualified cadres. The technical faculties at Bratislava and Košice will be developed and completed. A new medical faculty will be established, and the medical faculty at Bratislava university will be extended by the addition of several important institutes. Education in Slovakia is faced with the task of providing almost 35,000 university-trained entrants, scientists, technicians, and engineers of all branches.—

In the sphere of culture and popular education and enlightenment, the construction of the Bratislava playhouse will be completed and an institute of music will be established. 32 houses of culture will be erected in Slovakia. A broadcasting studio centre will be erected in Bratislava. In the sphere of physical culture a number of physical training centres will be constructed, which will also serve the purposes of physical training outside the schools.

B. Development of Individual Regions

The structure of the Czechoslovak economy, conditioned by the evolution of the capitalist order, shews a considerable inequality from the regional point of view. Huge industrial centres were built up on the one hand which were characterised by great intensity of industrial activity, on the other hand whole vast areas were neglected, were completely devoid of industrial enterprise and as a rule showed a low level of productivity in agriculture, which resulted in a low social cultural and health level. The extent of these differences may be judged from a regional analysis carried out in terms of individual districts; in accordance with this analysis districts may be divided into three groups:

(a) highly industrialised districts (Ostrava region, north-west and northern Bohemia, part of north-eastern Bohemia, the large centres of Prague, Plzeň, Brno, Ostrava, and their immediate surroundings);

(b) average and mixed districts;

(c) sub-average districts with low level of industrialisation and poor agricultural primary production (almost all Slovakia, southern and south-western Bohemia, Czech-Moravian Plateau, Moravian Slovakia—"*Slovácko*", Wallachia, etc.).

	Indicator of Development		
Districts	Population*	Industry**	Agriculture***
Czech Provinces			
Industrial	215	19.75	3.38
Average	90	9.88	3.33
Sub-average	55	4.15	3.54
Total	111	13.86	3.24
Slovakia			
Industrial	79	11.86	2.97
Average	78	8.09	3.60
Sub-average	62	1.61	2.93
Total	69	4.13	3.05
Czechoslovakia			
Industrial	207	19.69	3.13
Average	87	9.47	3.44
Sub-average	60	2.56	3.14
Total	95	11.14	3.18

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* Density of population per 1 square kilometre.

** Proportion of total population of district employed in industry (per cent).

*** Hectares of arable land per 1 person engaged in farming (irrespective of quality of soil).

Closely connected with the contrasts in the degree of industrialisation and the level of agricultural production are contrasts in the intensity of artisan production, the number and level of services and in the social, cultural and health standard. The equipment of individual regions with public facilities, transport and hydro-technical services and the density of population differ in proportion to the degree of economic development.

These contrasts, the result of many years of capitalist evolution, cannot be liquidated within the five-year period, which primarily aims at the reconstruction of the industrial system with special emphasis on heavy engineering—the most that can be done is to reduce their extent. A number of the largest investment tasks in mining, iron and steel, power supply, heavy engineering and chemicals require, in order to be carried out as quickly as possible, a concentration of production forces in those highly industrialised regions that have been mentioned. This of course involves, on the other hand, the necessity of allocating all other development and production tasks in industry as well as in other economic sectors elsewhere, i. e. chiefly to Slovakia and the backward regions with large reserves of redundant labour.

In industry, agriculture and above all in building in highly industrialised regions, labour shortages, lack of housing, transport overloads, supply difficulties and other obstacles must be faced. From this viewpoint alone we are justified in demanding that only those tasks be allotted to industrial regions which cannot be carried out elsewhere. On the other hand, the large visible and hidden reserves of labour existing in Slovakia and the other economically backward regions will materially contribute to the realisation of the chief tasks of the Five-Year Plan. This—apparently more difficult—solution will be instrumental in bringing about economic expansion in the new social order. The establishment of plant and enterprises in Slovakia and in other backward regions will assure full utilisation of new investment, since there will be no danger of a lack of manpower here. In this way also the nuclei of new industrial centres will be created. The allocation of production units in regions with manpower reserves, in particular in densely populated areas with disunited land holdings will provide the prerequisite for a solution of a number of agricultural problems and a raising of the productivity of agriculture in those areas.

In agriculture also it will be necessary to distribute production and investment tasks, under a systematic plan, so as to raise productivity in agriculture in those regions where the essential geonomic, climatic, and—not least—social premises exist. For this reason the growth of agricultural production will be systematically supported above all in those regions where conditions are not conducive to raising industrial intensity, i. e. primarily in the fertile regions of southern Slovakia and southern Moravia, and in the poor areas of southern and southwestern Bohemia; in addition, it will be necessary in these areas to encourage the expansion of spa enterprise, recreation, tourist travel, and so forth.

For these reasons the economic development of Slovakia and of the economically backward regions of the Czech Provinces deserve exceptional attention. The industrialisation of Slovakia can be seen as one of the basic prerequisites of the realisation of the Plan. Hence during the preparation of the Five-Year Plan detailed tasks were laid down for the economic expansion of Slovakia. For the development of economically backward regions in the Czech Provinces, on the other hand, only the principal directives could be laid down so far, in accordance with which the "Operative Plans" dealing with the individual years of the five-year period will be constructed.

VII. Tasks of the Planning Service

The Two-Year Plan was the first Czechoslovak economic plan. It was fragmentary in character in that its scope was confined to a number of sectional aspects of the Czechoslovak economy, chief among which was production. Fundamentally the Two-Year Plan was a production programme for the key sectors of the economy, supplemented by the most important balance-sheets of raw materials, investment, manpower and foreign trade, which were to ensure the harmonious and complementary development of the various sectors. The production plans setting out target volumes of output in individual sectors were supplemented in the second year of the two-year period by certain qualitative indicators, providing directives for the planning of the quality of certain key products and of production economy; i. e. in particular the productivity of labour, as well as consumption of raw materials, fuel, auxiliary materials, power, etc.

The conception of *"total"* planning however requires that an economic plan should deal with all aspects of economic life. It must not merely determine certain key aspects of production, but production as a whole, and in addition thereto it must deal with trade and consumption, and finally with the economic basis of progress in the social, health and cultural services, and with that growth itself. A total plan must further deal not only with the material aspect of the economic process, but also with the financial expression of that process. This involves the planning of production and distribution costs and overhead, profits, prices, etc.

Total planning further requires that a balanced development of all regions should be ensured and that all local resources should be mobilised for the implementation of the plan. It hence becomes necessary to supplement the general plan by regional plans, in order to ensure the attainment of the global task.

Lastly, planning is not comprehensive unless it provides for the constant and effective control of the operation of the Plan.

The relatively simple form of planning adopted during the initial stages of the Two-Year Plan was chosen because at that time no experiences in planning and planning technique were at hand and because there was no trained planning staff to deal with more highly developed forms of planning. In addition to this consideration it should be remembered also that the fragmentary and sectional type of planning employed at that time inhered in the prevailing political and economic conditions, since a substantial portion of the means of production in industry, building trade and agriculture was still in capitalist hands.

During the preparatory stage of the Five-Year Plan planning technique was pushed one step further, in that the Five-Year Plan deals with all types of production: a portion of its data has been expressed in physical units of magnitude as before, another part in terms of money value only. In addition social, health and cultural development has been included in the scheme and directives have been given for the development of these services. A further advance may be seen in the fact that the Five-Year Plan comprises consumption planning.

As for regional planning, the preparation of the Five-Year Plan is based on an analysis of the development in the individual areas of the state, even though the complete utilisation of local initiative and recruitment of local resources is dependent on the further organisation of the regional planning service, which is still in an early phase of organisational development. Only in the case of Slovakia did it prove possible to draw up a complete regional plan since the organisational premise, i. e. the Slovak planning service, was already to hand.

Finally, it should be pointed out that the Two-Year Plan was primarily a plan of economic renewal and recovery. It was a short-term scheme because it dealt with problems and laid down tasks which could—and had to—be solved within the period of two years. It was, as has been stated, fragmentary, centralised and constructed in terms of production types, with occasional elements of regional planning only.

In contrast, the Five-Year Plan is a scheme for the expansion and conversion of the economy, requiring a longer period for its realisation. That is to say, it is a long-term, "perspective" plan, setting out the principles, direction and rate of further development; the detailed statistical expression of these principles, as well as the expansion and adaptation of its contents during operation of the plan, will be governed by later experience and by changing circumstances. At the same time it is a global plan, and a master plan whose function is to provide an organic link between planning of types of "products", and "regional" planning.

The planning service is thus faced with the large task of filling in as soon as may be the substantial gaps which still remain in Czechoslovak planning method and technique. First and foremost, this is a question of the early introduction of the planning of production costs. This plan (and the control of its implementation) which will set out tasks for the systematic reduction of production costs and overhead during the various planning periods and for the individual sectors, will form an effective instrument in the task of achieving maximum economy in the utilisation of the means of production, and of manpower. It will act as a powerful stimulus to a systematic growth of labour productivity, to the reduction of production overhead in terms of raw materials, power, ancillary materials, etc.; it will provide wide scope for the development of initiative and competition between the masses of workers and the technical intelligentsia.

This is of special significance in Czechoslovakia: since the limited supply of raw materials often acts as a brake on the use of initiative in the direction of the quantitative overfulfilment of the target, the increased effort of the workers must for the most part concentrate on saving raw materials, power and components, on a higher rate of equipment utilisation, on the improvement of the quality of products and thus also on the reduction of production costs and overhead.

The planning of production costs and overhead will further facilitate the planned direction of profits and prices and thus open the way to an introduction of financial planning and of the financial control of the Plan. Planning of production costs will be augmented by more intensive and complete qualitative planning, i. e. planning of the productivity of labour, of economy and quality of production, which was already embarked upon during the Two-Year Plan. Planned reduction of manufacturing costs is important chiefly because the savings achieved contribute to increased capital accumulation and hence provide the means for greater investment and the further rise of the standard of living.

A further important task of the Five-Year Plan will be to extend and intensify the system of economic balances, in particular the budgeting and estimating system, which will be instrumental in ensuring the balance of the financial income of the population over a certain period of time, and the volume of goods and services available for consumption. This balance will be attained through the planning of incomes, prices, taxes, and, in relation thereto, of trade. In the context of the planned direction of wages the system of payment by results will be further developed.

Works planning and accounting in enterprises must be based on the Economic Plan, since it elaborates the tasks allotted to the enterprise in the implementation and realisation of the Plan, determines the rate of fulfilment of the target and analyses the factors causing deviations from the target.

It will further be necessary in the course of constructing the operative plans to develop further the global character of the Plan. This is primarily a matter of the setting of detailed targets, i. e. in particular targets relating to semi-manufactures, spare parts, etc., as well as the planning of assortment of goods, i. e. the determination of types of product of the size of a certain product within the framework of the general target (thus, rolled strip in terms of section, ready-made clothing in terms of size, etc.).

Planning of trade could not be undertaken during the preparation of the Five-Year Plan, since the political and organisational premises were not available until these last few months. The task of the planning service will comprise primarily the planning of turnover, of distribution overhead and the creation of an effective network of distribution units so as to ensure the most effective supply of consumer goods in the home market.

As regards regional planning, it is essential that the conditions for its full development be provided as speedily as possible by the creation of a regional planning service, whose function will be to balance development in all regions of the Republic and to utilise regional resources of material and power, and to mobilise material resources as well as manpower for the realisation of the plan by strengthening the initiative of the broad masses of the people, which by participating in the construction, realisation and control of the regional plan will become conscious of the fact that the economic growth of their region is first and foremost in their own hands.

A further task will be to gain in far larger measure than has been the case hitherto the interest and participation of the working population in the preparation and construction of the plan, its implementation and the control of its realisation. This active part of the working population is a primary condition for the successful fulfilment of the great and difficult tasks of the Five-Year Plan.

In order to ensure the constancy of the evolution of the Czechoslovak economy, and more particularly to eliminate disproportion in the long-term trends of development and outlook, and in the interest of a planned intensification and expansion of economic relations with the states with planned economies, the preparation of a general master-plan, covering at least three or four five-year periods, is to be undertaken during the period of this Five-Year Plan. Similarly, a technical master-plan will be drawn up which will incorporate the results of scientific and in particular of technical progress in production and in the economy in general.

Extension of the scope of planning, the intensification of planning technique and the many tasks laid down by the Five-Year Plan necessitate a more effective and precise control of the implementation of the Plan. It will therefore be a task of the planning service to design and put into operation an effective system of control both *"from above"*, supervision of the organs carrying the plan into effect by superior organs, and *"from below"*, i. e. local control by the regional planning service, and most important, a control and supervision scheme which would really be *"from below"*, that is to say, which would be operated by the masses of the working community in their daily check of the results of the Plan. Only such a control scheme would enable all necessary steps to be taken without delay, should the success of the Plan be endangered. Stalin's words are applicable here: *"It may safely be said that nine-tenths of our omissions and mistakes are due to lack of properly organised control and supervision of the Plan."*

The magnitude of the tasks devolving upon the planning service necessitate its organisational development and augmentation, not only in regional terms but centrally as well as at all levels of production. This applies particularly to the planning staffs in Ministries, in the general directorates of nationalised industries, in national enterprises and individual works, as well as in all other economic departments.

The enlargement and improvement of the planning service requires primarily the training of qualified cadres of workers in the elements of economic planning and in the principles of political economy. A unification of the method and technique of planning throughout the territory of the state and in all regions and economic sectors, as well as in all departments of the public and local administration, is one of the conditions of the successful realisation of the Plan. This cannot be ensured failing the proper and intensive training of planning personnel.

A perfection of planning technique also involves the planning of raw material reserves, semi-manufactures, and finished products, so as to safeguard the economy against unforeseen events such as a sudden increase or change of the target, temporary defects or disturbances in production or transport, and so forth.

Finally, the further development and perfection of economic planning demands an effective regulation of the organisation of the statistical service, the systematic improvement of statistical methods, and their adaptation to the requirements of the plan. This requirement has been met under Section 43 of the Bill, under which the competence of the State Statistical Council is transferred to the Central Planning Commission.

VIII. Legal Aspect of the Act

Section 163, subsection 1, of the *Constitution** provides that the uniform economic plan shall always be drawn up for a certain time and that it shall be promulgated by Act. For the immediately impending five-year period this provision is satisfied by the present Bill.

The Five-Year Plan Act is to become the legal basis of the implementation and realisation of the Plan. The manner in which the Act No. 192/1946 (the *Two-Year Plan Act*) dealt with the chief problems of the legislative sanction given to the task of the economic plan and their implementation has proved successful on the whole, particularly as regards the manner in which it prescribed the allotment of specific tasks and their detailed distribution among the enterprises charged with their implementation. Therefore the present Bill rests on the Two-Year Plan Act, adapting it, however, with a view to the experiences hitherto obtained, to the requirements and aim of the Five-Year Plan.

In distinction to the Two-Year Plan the Five-Year Plan is a long-term plan which covers all aspects of economic life. For this reason a more detailed regulation of its time schedule and of the extended powers necessary for its administration by the Government is called for.

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* *Constitution of the Czechoslovak Republic*, Ministry of Information, Prague 1948 (2nd English ed.), p. 74.

As regards the time-schedule of the Five-Year Plan, the Bill (*Section 32*) requires the Government to prescribe annual, or, as the case may be, quarterly operative plans, whereby the tasks allotted during that period are determined. The operative plans are to ensure the fulfilment of the tasks under the Five-Year Plan so that all sections of the national economy develop gradually and in mutual harmony. This type of time-schedule will also make it possible to adapt the Plan to changing circumstances. The further allocation of the tasks set out in the operative plans will be carried out by the central authorities within the spheres of their competence, provided the Government does not provide otherwise *(Section 36)*.

The tasks of the Five-Year Plan, prescribed by the Five-Year Plan Act, represent a complex of legal obligations, which must be fulfilled in order that the envisaged aim may be attained. Though, of course, the success of the Five-Year Plan would be doubtful indeed if it were safeguarded merely by the setting out of figures or by the promulgation or enforcement of legal duties. The Republic, however, has other resources at her disposal: our expectations are based on the discipline of citizens, on their sense of moral responsibility, their creative participation and the contributions rendered through their initiative to the improvement of the economic process. This reliance is expressed in the provisions of *Section 38*.

The successful implementation of the plan requires that the Government, which is charged under *Section 163, Subsection 2* of the Constitution with the preparation and implementation of the uniform economic plan as one of its primary functions, should be competent not only to take decisions in respect of the distribution of tasks under the plan, but also to enforce the implementation of these tasks. Hence the Bill authorises the Government to issue Orders in respect of the operation of the Five-Year Plan. Such cases as can be foreseen now are expressed under *Section 41, Subsection 2* explicitly as functions of the Government. But the global nature of the Five-Year Plan, its aim, which is the expansion and transformation of the economy, and the relatively long-term period for which it has been constructed, will in many cases involve steps going further than the concretely envisaged and thus explicitly formulated powers in the Bill. This is borne out by a number of lessons taught by the Two-Year Plan. In many cases it is a question only of relatively minor and short-term measures, in others, again, of measures arising from a situation which cannot be accurately foretold in connection with the preparation of the Five-Year Plan—natural influences, effects of the international economic situation—and which nevertheless allow of no delay. In this context it must be remembered that former legislation, which could not even consider the requirements of economic planning, failed to provide for explicit powers to issue operative orders. If all such measures were to be taken by special Act, or if the necessary powers were to be enacted by Parlament in every case, the extra load of work for the National Assembly, which is already overtaxed with work arising chiefly from the provisions of the new Constitution, would be altogether excessive. This consideration justifies the provision of *Section 42*, which authorises the Government to take, during the period ending on December 1, 1953, such measures—with the exceptions set out in *Subsection 2* of that Section—as would otherwise require legislative enactment.

There can be no question of giving the Government *carte blanche*. This authority is granted specifically and exclusively for the implementation of a certain Act, and is limited by the requirements of that Act. It is therefore consistent with the Constitution. In the terms of the relevant section of the Bill *(42)* the National Assembly has power to annul the Government's authority, as well as to supervise the exercise of that authority, through a Commission (*Section 39*). The National Assembly's effective control of the Government is thus safeguarded in every individual case of an Operative Order being issued.

Prague, September 30, 1948.

The Prime Minister:
(*signed*) A. Zápotocký

THE FIVE-YEAR PLAN ACT

ACT No. 241
RELATING TO THE FIRST FIVE-YEAR ECONOMIC PLAN OF DEVELOPMENT OF THE CZECHOSLOVAK REPUBLIC
(FIVE-YEAR PLAN ACT)
DATED OCTOBER 27, 1948

The National Assembly of the Czechoslovak Republic has enacted the following Act:

PART I

AIM AND CONTENT OF THE FIRST FIVE-YEAR ECONOMIC PLAN

1.

(1) Economic activity in the years 1949 to 1953 shall be governed by the five-year uniform economic plan (hereinafter referred to as the Five-Year Plan). The main purport of this Plan is the development and conversion of the Czechoslovak economy; its chief aim, based on the increased productivity of labour, is the further substantial raising of the living standard of all sections of the working population of town and country, and, on this foundation, the consolidation of the unity of the workers, the peasants, the intelligentsia and the urban middle classes.

(2) The Five-Year Plan constitutes an important step in the progress of the Czechoslovak People's Democracy towards socialism, principally in that it aims to strengthen and consolidate nationalised industry, and further, in that it will step up the mechanisation and electrification of agriculture and thus lay the foundations for the introduction of socially more advanced forms of production in this economic sector. Such capitalist elements as remain will throughout this process be progressively restricted and eliminated from all sectors of the national economy.

2.

The aim of the Five-Year Plan shall be attained through a general and constant growth of production in such manner that the national income be raised by one-half. The stability of the progress of our economy and its capacity of resistance to economic crises shall be safeguarded by means of its effective development and re-deployment, and by means of an intensification of economic relations and co-operation with States with a planned economy. The foregoing measures shall further serve to strengthen the defensive capacity of the Republic.

3.

There shall be set out in the further provisions of this Act a detailed plan for effecting a growth of production in the several sectors of the economy (part II), for the raising of the material and cultural level of the people, as a result of the growth of production (part III), the premises of the realisation of the Five-Year Plan (part IV), the distribution of the tasks of the Five-Year Plan over the planning regions, in particular with a view towards Slovakia (part V), and the means of implementing the Five-Year Plan, as well as the control and supervision of that implementation (part VI).

PART II

GROWTH OF PRODUCTION

DIVISION I

Industry and Handicrafts

4.

Industrial production shall be so stepped up that its total value in 1953 shall be 454 milliard Kčs as against 288 milliard Kčs in 1948, that is an increase of 57 per cent. At the same time, and to this end, there shall be effected, in particular:

a) an accelerated development of production, primarily in the metallurgical industries, in the engineering industries (especially in the heavy engineering sector), further in the mining and chemical industries; and there shall also take place an expansion of the sources of power, as being the basis of industrial production, through the construction of new thermal and hydro-electric power stations,

b) a progressive increase in the production of building materials,

c) an increase in the production of agricultural machinery,

d) an expansion of the production of consumer goods.

5.

There shall be produced in industry in 1953:

a) in the *mining industry*, chiefly:

hard coal	20.8 million tons
brown coal (lignite)	32.2 million tons
coke	8.0 million tons
iron ore	1.4 million tons

the gross value of the production of the entire sector shall reach 17.8 milliard Kčs as against 13.2 milliard Kčs in 1948, that is an increase of 35 per cent;

b) in the *power industry*, chiefly:

electricity	11,200 million kWh
gas	2,900 million cubic metres

the gross value of the production of the entire sector shall reach 14.1 milliard Kčs as against 9.3 milliard Kčs in 1948, that is an increase of 52 per cent;

c) in the *iron and steel industry*, chiefly:

pig-iron	2.7 million tons
crude steel	3.5 million tons
rolled iron strip	2.5 million tons

the gross value of the production of the entire sector shall reach 46.4 milliard Kčs as against 31.2 milliard Kčs in 1948, that is an increase of 49 per cent;

d) in the *engineering industries:*

in the foundry sector

products to the total value of thereof	7.1 milliard Kčs
castings	0.6 million tons

in the heavy engineering sector

products to the total value of thereof	22.4 milliard Kčs
locomotives	480
railway coaches (in terms of freight cars)	7,700

in the mechanical engineering sector

products to the total value of thereof	13.7 milliard Kčs
sewing machines	155,000

in the general engineering sector

products to the total value of thereof	6.2 milliard Kčs
agricultural machinery to the value of	2.3 milliard Kčs
central heating plants, domestic plants and mountings to the value of	1.4 milliard Kčs

in the sector of road transport and light transport vehicles and airplanes

products to the total value of	15.4 milliard Kčs

thereof	
tractors	20,000
motor lorries and cars (in terms of motor lorries)	24,000
motorcycles	75,000
bicycles	330,000

in the other branches of metal manufacture

products to the total value of	9.2 milliard Kčs
thereof	
enameled hardware, domestic and kitchen utensils and equipment	19.0 million kg

in the electrical engineering sector

products to the total value of	18.3 milliard Kčs
thereof	
electric motors up to 25 kW	890,000
wireless receivers	300,000
telephones	150,000

the gross value of the production of the entire engineering sector shall reach 92.3 milliard Kčs as against 47.8 milliard Kčs in 1948, that is an increase of 93 per cent;

e) in the *chemical industry,* chiefly:

heavy chemical products to the total value of	7.8 milliard Kčs
thereof	
nitrate fertilisers	42,900 tons
phosphate fertilisers	68,000 tons
pharmaceutical products to the total value of	1.7 milliard Kčs
thereof basic drugs	309,000 kg
synthetic fabrics	18,000 tons
rayon	11,000 tons
soap	53,000 tons

the gross value of the production of the entire sector shall reach 35.1 milliard Kčs as against 21.7 milliard Kčs in 1948, that is an increase of 62 per cent;

f) in the *glass industry,* chiefly:

hollow ware	137,100 tons
sheet glass	113,700 tons
small glassware	9,500 tons

the gross value of the production of the entire sector shall reach 4.6 milliard Kčs as against 4.1 milliard Kčs in 1948, that is an increase of 12 per cent;

g) in the *stone, clay, and ceramics industry,* chiefly:

cement	2.6 million tons
bricks	1,300 million
tiles	214 million
lime	1.3 million tons
technical porcelain	15 million kg

the gross value of the production of the entire sector shall reach 12.1 milliard Kčs as against 7.6 milliard Kčs in 1948, that is an increase of 59 per cent;

h) in the *paper industry,* chiefly:

paper	320,000 tons
cardboard	105,000 tons
cellulose	320,000 tons

the gross value of the production of the entire sector shall reach 9.9 milliard Kčs as against 7 milliard Kčs in 1948, that is an increase of 41 per cent;

i) in the *wood (processing) industry,* chiefly:

sawn timber and logs	2.8 million cubic metres
household furniture to the value of	1.3 milliard Kčs
building construction products to the value of	0.5 milliard Kčs

commercial veneers and cross bendings	15.2 million square metres
plywood	111,500 cubic metres

the gross value of the production of the entire sector shall reach 12.5 milliard Kčs as against 9.9 milliard Kčs in 1948, that is an increase of 26 per cent;

j) in the *textile* and *clothing industries,* chiefly:

cotton yarns	114,200 tons
woollen yarns	41,800 tons
linen yarns	12,800 tons
cotton and silk thread from	2,500 tons of yarn
cotton, linen, and silk fabrics from	104,700 tons of yarn
woollen fabrics from	30,200 tons of yarn
knitwear and hosiery from	25,700 tons of yarn
thereof socks and stockings	79.0 million pairs
outer garments (men's and boys')	3.8 million
outer garments (women's and girls')	6.9 million
working garments	5.4 million
underwear (men's and boys')	19.4 million
underwear (women's and girls')	6.5 million

the gross value of the production of the entire sector shall reach 77.4 milliard Kčs as agaist 46 milliard Kčs in 1948, that is an increase of 68 per cent;

k) in the *leather and rubber industry,* chiefly:

leather footwear	33.7 million pairs
lightweight shoes	8.6 million pairs
rubber footwear	30.2 million pairs
tyres of all kinds	7.4 million

the gross value of the production of the entire sector shall reach 21.8 milliard Kčs as against 15.2 milliard Kčs in 1948, that is an increase of 43 per cent;

l) in the *printing, gramophone and film industries,* respectively:

in the *printing sector,* the gross value of all products shall reach 4 milliard Kčs as against 3.4 milliard Kčs in 1948, that is an increase of 18 per cent;

in the *gramophone sector,* chiefly:

gramophone records	6 million

the gross value of the production of the entire sector shall reach 660 million Kčs;

in the *film sector,* chiefly:

full-length feature films	56
short features	143

the gross value of the production of the entire sector shall reach 575 million Kčs as against 370 million Kčs in 1948, that is an increase of 56 per cent;

m) in the *sugar refining industry,* chiefly:

refined sugar	790,000 tons
molasses	183,000 tons

the gross value of the production of the entire sector shall reach 10.2 milliard Kčs as against 8.7 milliard Kčs in 1948, that is an increase of 17 per cent;

n) in the *spirit distilling industry,* the gross value of the production of the entire sector shall reach 5.6 milliard Kčs as against 5.3 milliard Kčs in 1948, that is an increase of 6 per cent;

o) in the *beerbrewing and malt industry,* chiefly:

beer	11.7 million hectolitres
malt	312,600 tons

the gross value of the production of the entire sector shall reach 9.6 milliard Kčs as against 5.7 milliard Kčs in 1948, that is an increase of 68 per cent;

p) in the *flour-milling industry,* chiefly:

edible wheat flour products	600,000 tons
edible rye flour products	267,700 tons

the gross value of the production of the entire sector shall reach 4.7 milliard Kčs as against 3.6 milliard Kčs in 1948, that is an increase of 30 per cent;

r) in the *food industry,* chiefly:

artificial edible fats	70,000 tons
dairy butter	48,700 tons
tinned milk products	13,700 tons
fresh milk for consumption	1,125 million litres
cheese	30,200 tons
meat products to the value of	2.8 milliard Kčs

the gross value of the production of the entire sector shall reach 61.8 milliard Kčs as against 34.5 milliard Kčs in 1948, that is an increase of 79 per cent;

s) in the *tobacco and salt industries,* chiefly:

cigarettes	11,700 million
cigars	60 million
pipe tobacco	3,700 tons

the gross value of the production of the entire sector shall reach 12.8 milliard Kčs.

6.

(1) Artisan production and activity shall be so stepped up that the gross value thereof in 1953 reaches 59 milliard Kčs as against 49 milliard Kčs in 1948, that is an increase of 20 per cent.

(2) The total value of 59 milliard Kčs shall be distributed as follows:

a) engineering	12.9 milliard Kčs
b) chemicals	1.3 milliard Kčs

c) glass	0.4 milliard Kčs
d) stone, clay, and ceramics	1.4 milliard Kčs
e) paper	0.9 milliard Kčs
f) wood processing	4.8 milliard Kčs
g) textiles and clothing	10.6 milliard Kčs
h) leather and rubber	3.7 milliard Kčs
i) flourmilling	3.8 milliard Kčs
j) food processing	16.1 milliard Kčs
k) ancillary trades	3.1 milliard Kčs

(3) The cooperative movement in handicraft production shall be further developed and improved.

DIVISION II

Agriculture and Forestry

7.

Agricultural production shall be so stepped up that its gross value in 1953 reaches 105 milliard Kčs as against 90.5 milliard Kčs (being the value prescribed under the original production plan for 1948), that is an increase of 16 per cent; and as against 76.3 milliard Kčs (being the value prescribed under the reduced production plan for 1948), that is an increase of 37 per cent. Towards this end and at the same time,

a) the growth of animal production shall be speeded up,

b) the mechanisation and electrification of agriculture shall be continued,

c) all farmers shall be enabled to use selected seeds and seedlings, and shall be ensured adequate quantities of fodder and fertilisers,

d) hydro-technical installations and the area of fisheries shall be extended,

e) the growth of all sections of the farmers' cooperative movement shall be supported.

8.

There shall be produced in agriculture in 1953:

a) in *crop production:*

on the basis of the planning of sown areas and planned yield per hectare, in particular of:

wheat	1.5 million tons
rye and mixed corn	1.0 million tons
barley	1.3 million tons
oats	1.1 million tons
maize	0.3 million tons
leguminous crops	65,000 tons
potatoes	9.7 million tons
sugar beet	5.5 million tons
oil crops	69,000 tons
oats and vetches	119,000 tons
forage crops (in terms of hay equivalent)	12.8 million tons

the gross value of the entire plant production shall reach 55.2 milliard Kčs as against 49.5 milliard Kčs in 1948, that is an increase of 11 per cent;

b) in *livestock production:*

on the basis of the planning of quantity of livestock and the planned utility of domestic cattle, in particular

horned cattle fattened . .	366,000 tons live weight
hogs fattened	498,000 tons live weight
milk	47 million hectolitres
eggs	2 milliard

the gross value of the entire animal production shall reach 49.8 milliard Kčs as against 26.8 milliard Kčs in 1948, that is an increase of 86 per cent.

9.

There shall be produced in forestry by the end of 1953, 55 million cubic metres of timber (in terms of units measuring not less than 7 centimetres across the smaller ends), at a total value of 18.8 milliard Kčs, whereof

	softwoods	hardwoods
	(million cubic metres)	
timber (in terms of units measuring not less than 7 cm across the smaller ends)	40.0	15.0
thereof		
round logs	24.0	3.2
sleepers	0.02	1.6
mine-timbers	3.4	—
bulkwood	7.7	1.1
pole-wood	0.6	0.2
other types of stacked wood for structural purposes	0.1	0.4
for fuel	4.18	8.5

Towards this end,

a) forest growth shall be renewed and non-afforested land shall be afforested,

b) a system of selective planting shall be introduced, low forests shall be converted into timber forests and pure stand shall be converted into mixed stand,

c) exhausted afforested land shall be improved and damages wrought in forests by war economy shall be made good,

d) the mechanisation of lumbering and transport shall be carried further and the network of roads and paths in forests shall be extended.

DIVISION III

Building

10.

(1) Building construction shall be stepped up so that the gross value thereof in 1953 shall reach 46 milliard Kčs. Towards this end, in particular

a) support shall be given to the progressive transformation of building to an industry which shall be mechanised to the highest possible degree, and which shall utilise standardised construction parts, in particular mass-produced pre-fabricated ferro-concrete structural sections, so as to safeguard the planned reconstruction, development and conversion of all sectors of our economy,

b) the production of standardised structural components shall be introduced and fully developed so as to reach in 1953 the total level of 1.3 million tons at a value of 1.2 milliard Kčs

(2) Over the period of the Five-Year Plan, building construction shall reach a total value of 176.9 milliard Kčs, whereof new buildings shall account for approximately 135 milliard Kčs.

(3) The global target of 176.9 milliard Kčs shall be broken up into specific construction targets for the various sectors of the economy, as follows:

a) industry and handicrafts . .	44.6 milliard Kčs
b) agriculture	11.8 milliard Kčs
c) building	0.7 milliard Kčs
d) transport . . . . (1.2 milliards of which shall be spent on the postal services)	23.1 milliard Kčs
e) commerce and tourist travel .	1.9 milliard Kčs

f)	house-building	39.3 milliard Kčs
g)	social, health and cultural purposes	14.4 milliard Kčs
	itemised as follows:	
	social	4.3 milliard Kčs
	health and National Insurance	5.0 milliard Kčs
	culture	5.1 milliard Kčs
h)	roads and bridges, hydrotechnical installations and other projects of the public administration	41.1 milliard Kčs

DIVISION IV

Transport

11.

Transport capacity shall be so stepped up that the total capacity in 1953 shall exceed the total capacity in 1948 by 40 per cent. To this end there shall be ensured, chiefly by means of an effective distribution of the total capacity over the several sectors (in particular the rail and road sectors) that the transport capacity be adequate to meet the requirements of increased economic activity.

12.

The transport capacity shall be stepped up in the various sectors in 1953

a) in *rail transport*

freight transport shall reach 17 milliard ton-kilometres net (that is an increase of 39 per cent as against 1948), and shall carry 100 million tons of goods and travel 56 million kilometres;

steam-propelled *passenger transport* shall travel 70 million kilometres (that is an increase of 11 per cent over 1948) and motor-propelled passenger transport shall travel 32.6 million kilometres (that is an increase of 80 per cent over 1948). The total rail passenger transport capacity shall thus be increased by 27 per cent over 1948;

b) *municipal transport*

shall carry 1,075 million passengers (that is an increase of 19 per cent over 1948) and shall travel 104 million kilometres;

c) in *road transport*

freight haulage shall reach a capacity of 441 ton-kilometres net (that is an increase of 39 per cent over 1948) and shall carry 26.3 million tons of goods and travel 224 million kilometres;

passenger transport shall carry 307 million passengers (that is an increase of 36 per cent over 1948) and shall travel 127 million kilometres;

d) in *river transport*

the capacity shall be increased by 70 per cent over 1948;

e) in *air transport*

13.6 million kilometres shall be flown (that is an increase of 120 per cent over 1948).

13.

In postal transport there shall be over the period of the Five-Year Plan

a) newly installed
   telephone services in 6,155 parishes, so that the number of parishes connected to the telephone grid shall be greater by 61 per cent than in 1948;
   120,000 subscribers' telephones, so that the number of telephones installed shall be greater by 54 per cent than in 1948;

b) the telegraph services further developed;

c) mechanisation and motorisation of operation further developed.

DIVISION V

Internal Trade

14.

The effective and economical organisation of internal trade, based primarily upon the socially more advanced forms of distribution, shall ensure the adequate circulation of commodities, in keeping with the planned rate of economic growth. Internal trade shall be so directed on a planned basis as to ensure a constant flow of consumer goods, especially among the working population, and so as to extend and improve progressively the services rendered.

PART III

RAISING OF THE MATERIAL AND CULTURAL LEVEL OF THE PEOPLE

15.

(1) The aim of the development of production under the Five-Year Plan is to raise the material and cultural level of the people in such a manner that their mental and physical capacities may develop to the fullest extent.

(2) At the same time and to this end, consumption, wages, and earnings in general, as well as prices, shall be so planned that the living standard of each citizen progress in proportion to his achievement and desert.

(3) So as to contribute towards the raising of the material and cultural level of the people, there shall be stepped up progressively:

a) social consumption; that is to say, the social services of the public administration, being social, health, and cultural and educational care (sections 16 to 18), shall be expanded and improved;

b) individual consumption; that is to say, the quantity and the quality of consumer goods on the home market, and the services rendered (sections 19 and 20), shall be progressively raised and improved.

(4) Total social and individual consumption, wherein the raising of the living standard is directly manifest, shall increase over the period of the Five-Year Plan on an average by 35 per cent per head. This increase is conditional upon realisation of the planned increase in the productivity of labour (section 21).

DIVISION I

Social Consumption

16.

Social Welfare

(1) In order that the growth of the working capacity of the population be fully assured, and thereby also its living standard be raised, the social services shall be further developed through the expansion of existing and the introduction of new social facilities; at the same time, social welfare shall be improved and rendered more economical.

(2) In particular, the following improvements as against 1948 shall be effected up to the end of 1953 in the several spheres:

care of employed women:

a) 15,400 additional children shall be accomodated in crêches and day nurseries, 6,375 additional children shall be accomodated in permanent homes:

b) 180,000 additional children shall be catered for in school canteens;

c) an additional 11 million kg of laundry shall be washed in cooperative laundries;

care of working youth:

50,000 additional persons shall be accomodated in youth hostels;

recreational care:

200,000 additional children, 48,000 additional working youths, and 300,000 additional adults shall be accomodated in recreation centres;

institutional care of youth:

accomodation shall be increased:
in children's homes by 3,500 beds,
in hostels attached to schools for defective children by 240 beds,
in institutions for physically defective young persons by 1,030 beds.

(3) National Insurance shall:

a) ensure to all persons medical care and treatment and endeavour to provide such care and treatment in keeping with the contemporary level of medical science; for the implementation of this task there shall be set aside 9.5 milliard Kčs in 1953 as against 4.3 milliard Kčs in 1948, that is an increase of 121 per cent;

b) secure to all persons who are, through no fault of theirs, incapable for work, a more appropriate standard of living; there shall be set aside for the implementation of this task 22.8 milliard Kčs in 1953 as against 12.5 milliard Kčs in 1948, that is an increase of 82 per cent;

c) endeavour through the constant improvement of medical care to eliminate production losses arising out of reduced capacity for work;

d) contribute towards the elimination of production losses by bringing the services of National Insurance within closer reach of the working population, primarily through the establishment of branch offices of the district national insurance institutions outside the latters' headquarters.

(4) There shall further be devoted greater and more systematic care to:

a) the socio-political enlightenment of employed persons, and their vocational education and re-education, technical and specialised training, initial training and retraining for different occupations;

b) the effective and hygienic equipment of places of work;

c) the planned construction of health and technical protective equipment and facilities, the development and perfection of the unified State supervision of safety measures in all types of work, as well as an increase in the number of works doctors and safety technicians, and other health and social welfare personnel at places of work; the enlightenment of workers regarding accident prevention;

d) the improvement of transport to and from work;

e) an increase in the number of persons catered for by works canteens;

f) the improvement and extension of institutional care for elderly persons, persons who are incapable for work, and physically defective persons.

17.

Health Service

(1) The raising of the health standard of the population shall be attained through planned preventive and medical care. At the same time and to this end,

a) 119 health centres (regional, district, and branches in health districts), 51 National Insurance policlinics (regional, district, and branches), 129 national health institutes (regional, district, and branches), shall be established;

b) 7,800 beds in hospitals and specialised institutions of treatment shall be provided;

c) 14 mother-and-child clinics with a total of 800 beds for infants and 360 beds for mothers shall be established;

d) the number of beds in convalescent homes and preventive medical institutes (institutes for calmettisation) shall be raised by an additional 730;

e) an additional 80 beds shall be established at the Institute for the Treatment of Infantile paralysis at Janské Lázně, and a further institute of 100 beds shall be built;

f) 8 veterinary research and diagnostic institutes shall be established, and existing institutes further developed;

g) the number of medical practicioners shall be increased by 5,350, of social health workers (female) by 2,800, of nurses by 5,870, of obstetric assistants by 1270, and of other health workers by 3,300.

(2) Care for the health of the people shall be further provided by the departments for public hygiene, for epidemiology, for other preventive medicine and health care, by the training and enlightenment of the population in health matters, the correct distribution of health workers,

the improved production and distribution of drugs, health measures in the sphere of nutrition and veterinary health work.

18.

Culture and Education

(1) The cultural level of the people shall be raised by planned educational and instructional service, and by the planned extension and improvement of existing, and the establishment of new cultural facilities. In particular, the following improvements shall be effected to this end:

a) in school instruction
the number of classrooms shall be increased by 3,700,

b) in science, art and cultural monuments
the establishment and equipment of scientific and technical libraries, museums, picture galleries, theatres and concert halls shall be carried further,

c) in popular education and enlightenment
58 houses of culture, 62 popular education halls, and additional travelling libraries shall be erected or established by means of adaptation and conversion,

d) in films
the number of cinemas shall be increased by 1,380,

e) in radio
the building and equipment of two radio centres shall be continued, and two additional radio centres established, and centres for short-wave and long-wave transmission shall be created.

f) cultural facilities at places of work
works libraries, cinemas and physical culture facilities shall be established.

(2) Towards the support of physical culture a Tyrš University School of Physical Culture, and 1000 gymnasiums, 2,700 sports grounds, 40 swimming pools, and 15 physical training centres shall be established.

DIVISION II

Individual Consumption

19.

Food Consumption

(1) Adequate and correct nutrition shall be provided through a gradual increase in the quantity and constant improvement of the quality of the food products on the home market. At the same time, and to this end, the consumption of higher-grade food products, such as milk, fats, pork, eggs, cheese and white bread (rolls) shall primarily be stepped up.

(2) There shall be delivered for the home market in 1953 food products, in quantities exceeding the quantities delivered in 1948, as follows:

Dripping	by	67,000 tons
milk and dairy produce (in terms of milk) . . .	by	22.5 million hectolitres
meat	by	289,000 tons
eggs	by	1 milliard
sugar	by	206,000 tons
wheat flour	by	194,000 tons

(3) The catering service in works and school canteens, and the number of existing canteens shall be further expanded.

20.

Individual Consumption of Other Products

(1) In order to supply the population's essential necessities, the quantity of consumer goods other than food products destined for the home market shall be progressively increased and their quality systematically improved.

(2) There shall be delivered in the home market in 1953 consumer goods, in quantities exceeding the quantities delivered in 1948, as follows:

woollen fabrics (in weight of yarn)	by	9,700 tons
cotton fabrics (in weight of yarn)	by	25,660 tons
silk and semi-silk fabrics	by	27.4 million metres
footwear	by	14.3 million pairs
chief classes of metal goods, in terms of money value	by	2.6 milliard Kčs
household furniture in terms of money value	by	1 milliard Kčs
utility glassware, in terms of money value	by	270 million Kčs

(3) The standard of housing accomodation shall be raised through the extension, by means of new building or adaptation, of the living area by 9.7 million square metres.

PART IV

PREMISES OF THE REALISATION OF THE FIVE-YEAR PLAN

DIVISION I

Productivity of Labour and Production Economy

21.

Productivity of Labour

(1) The realisation of the Five-Year Plan is conditional upon heightened responsibility and initiative on the part of every individual worker and of the broad masses of the working population, and upon an increase in the productivity of labour. The productivity of labour shall be raised in industry by 32 per cent, in building by 53 per cent, in agriculture and forestry by 20 per cent, and in transport by 30 per cent.

(2) The united trade union organisation and its branches as well as managements of works and enterprises, offices and institutions, shall endeavour in constant mutual cooperation to secure an increase in working efficiency chiefly by means of:

a) political and economic enlightenment of employees,
b) supporting the creative initiative of workers,
c) an extension and intensification of working competition within and among enterprises,
d) constant recruitment of capable employees for the purpose of training for positions of greater responsibility and leadership,
e) the perfection of efficiency standards and transition to a system of progressive piece-work rates,
f) the utilisation of new production methods,
g) improvements in the organisation of work in accordance with the principles of scientific production layout,
h) an improvement of technical safety measures, and social and health facilities at work,
i) endeavouring to eliminate absenteeism and the undesirable fluctuation of labour.

22

Increase of the Labour Force

(1) All Czechoslovak citizens shall share equally in the implementation of the tasks prescribed under the Five-Year Plan. In all works and offices not more than an absolutely essential number of workers shall be employed at suitable posts, and working hours shall be utilised to a maximum.

(2) In order to ensure the fulfilment of production targets, the labour force in the national economy shall be increased by 5.6 per cent over 1948, that is to say, the number of persons employed in industry shall be increased

by 18.5 per cent, and the number of persons employed in the building industry shall be increased by 50 per cent over 1948.

(3) New labour shall be recruited by means of

a) the planned influx of juvenile entrants,

b) an increase in the number of employed women,

c) recruitment of persons not hitherto working,

d) support of re-immigration,

e) the employment of persons with reduced capacity for work,

f) utilisation of labour in economically backward areas, through the creation of opportunities of work in these areas,

g) utilisation of redundant or expendable labour for the tasks of the Five-Year Plan.

(4) The training of young workers shall be carried out in a new, progressive manner, primarily through the universal establishment of special technical training centres, which shall serve as one of the means towards creating reserves of labour.

23.

Raw Materials, Ancillary Materials and Power

(1) Raw materials, ancillary materials and power required for the fulfilment of production targets under the Five-Year Plan shall be met under conditions of a constant improvement of economy in the consumption thereof.

(2) Economy in the consumption of raw materials, ancillary materials and power shall be effected in particular by means of

a) the constant supervision and technical maintenance of all equipment whereby raw materials, ancillary materials and power are, as the case may be, produced, processed, or distributed,

b) the systematic elimination of waste in the consumption of raw materials, ancillary materials and power, and a reduction of the quantity of scrap and rejects,

c) an appropriate and economical choice of raw materials and ancillary materials, as well as of synthetic materials, in accordance with binding consumption standards for the consumption of raw materials, ancillary materials and power,

d) the maintenance of adequate reserves of raw materials and ancillary materials in accordance with binding standards and regulations relating thereto,

e) organised collections and full utilisation of scrap and other waste materials,

f) the full utilisation of all local resources of raw materials, ancillary materials and power,

g) an elimination of wasteful transfers of raw materials, ancillary materials and power from the place of output or manufacture thereof to the place of utilisation,

h) planning, regulation and control of the quality of products,

i) systematic and constant care of all inspection and testing equipment and other workshop aids.

DIVISION II

Investment

24.

(1) For the purpose of ensuring economic progress there shall be invested over the period of the Five-Year Plan a total sum not exceeding 336.2 milliard Kčs.

(2) The total investment of 336.2 milliard Kčs shall be itemised as follows:

a) industry	131.9 milliard Kčs
b) agriculture	26.8 milliard Kčs
c) building	4.6 milliard Kčs

d) transport	52.9 milliard Kčs
e) commerce and tourist travel	5.0 milliard Kčs
f) housing	39.3 milliard Kčs
g) social welfare	8.1 milliard Kčs
h) health services and National Insurance	10.3 milliard Kčs
i) cultural services	10.2 milliard Kčs
j) roads and bridges, hydrotechnical installations, public building projects and other investments of the public administration	47.1 milliard Kčs.

(3) In addition thereto, 5 milliard Kčs shall be devoted to the furtherance and improvement of parishes and districts, which shall be carried into effect without withdrawals of labour and with a minimum consumption of such raw materials as are important for other tasks of the Five-Year Plan.

(4) Capital development shall be carried out only where the tasks set by the Five-Year Plan cannot be met even with the fullest utilisation of productive capacity (comprising, in particular, the introduction of additional shifts), and where the said investments are wholly essential for the development and conversion of the economy. The distribution of investments shall be carried out with a view to the requirements of the balanced development of all planning regions.

DIVISION III

Works Organisation

25.

Works organisation shall be so improved and perfected as to contribute towards greater efficiency in all sectors of the economy, and to greater economy in individual enterprises, as well as to the improvement of the quality of products and services. In particular,

a) works organisation shall be developed and intensified according to the principles of scientific production layout,

b) the production programmes of industrial enterprises and the programmes of activity of other enterprises shall be simplified,

c) the standardisation of products and components shall contribute to the simplification of industrial productions programmes,

d) the uniform organisation of works accountancy shall be further developed, facilitating the introduction in industrial enterprises of advance production budgets and the planned reduction of production costs.

DIVISION IV

Foreign Trade

26.

(1) Foreign trade shall be so organised and directed that by means of essential imports the implementation of the targets set by the Five-Year Plan be ensured, and that by means of exports, the expenditure incurred through imports be defrayed and the national budget balanced.

(2) Foreign trade shall be so stepped up in all its aspects that its volume shall increase in 1953 by approximately 40 per cent as against 1948. At the same time there shall be ensured, by means of long-term economic agreements—in particular with the countries with planned economies—the constancy of our economic progress and the resistance of our economy against crises.

DIVISION V

Intensification of Research

27.

(1) Research, in particular technical, economic, social and health research, shall contribute towards the full development of the national economy, the fullest utilisation of resources of all kinds and the purposes of economic planning.

(2) With a view towards the requirements of research, scientific work shall be coordinated in research institutions, scientific institutes shall be established and increased care shall be given to the training of scientific workers. There shall further be ensured that scientific research be as close as possible to practice. Research shall be effectively centralised, and shall be equipped with adequate financial resources.

DIVISION VI

Perfection of Planning Methods, Organisation and Technique

28.

(1) Planning methods and technique shall be broadened to include production accountancy (which latter shall serve to contribute towards greater precision of planning) and shall cover all sections of the planning service.

(2) By means of the planning of incomes, prices, taxes, consumption, and trade, there shall further be ensured that a proper balance be maintained between the increased cash earnings of the population and the planned increase in the supply of consumer goods and services. Planning methods and technique shall be further perfected by the planning of production and distribution costs. The preparation of financial plans shall be safeguarded and the financial super-

vision of enterprises shall be facilitated thereby. Towards this end production accountancy shall be more fully introduced and extended to hitherto neglected sectors, and local planning of work in individual enterprises shall be perfected. The premises for the preparation of global financial plans shall thus be laid.

(3) A further premise of the realisation of the Five-Year Plan is the simple and efficient organisation of the planning service. Simultaneously with the reorganisation of the central planning service the branch and regional sectors thereof shall be developed. The training of an adequate reserve of planning personnel shall be secured by means of systematic economic enlightenment and training.

PART V

REGIONAL PLANNING UNDER THE FIVE-YEAR PLAN

DIVISION I

Economic Development of the Planning Regions

29.

(1) It is the aim of the Five-Year Plan gradually to attain a balance of the economic levels of the regions, which will contribute towards the balancing of standards of living in all parts of the State.

(2) Regional progress shall be achieved chiefly by means of an effective distribution of production and investment targets under the Five-Year Plan. Towards this end,

a) priority in the allocation of production and investment targets shall be given to economically backward regions, provided that the realisation of the Five-Year Plan is not jeopardised thereby,

b) production equipment in all regions shall be fully utilised and new equipment shall be allocated to those regions where the greatest facility for the utilisation of local resources (labour, raw materials, power, transport, etc.) exists,

c) excessive concentration of production and investment targets in regions or centres of production in which that concentration may jeopardise the realisation of the Five-Year Plan or the attainment of its aims, shall be guarded against,

d) in regions where conditions are not propitious for the development of any other economic activity, all existing facilities shall be utilised for the promotion of tourist traffic and for the recreation of the working population,

e) the development of towns and villages shall proceed on modern principles of town and country planning,

f) a systematic investigation shall be carried out in all regions, with a view towards their economic and natural potentialities or resources, and to their economic and social requirements.

DIVISION II

Economic Development of Slovakia

30.

The economic progress of Slovakia shall be accelerated by a gradual transformation of her economic and social structure. This conversion shall be carried into effect chiefly by means of:

a) a continuation of the industrialisation already begun,

b) raising the productivity of labour in agriculture,

c) a broader distribution of cadres of skilled workers, chiefly of those qualifications which are essential for the development of industrial production over all economic sectors,

d) an intensive investigation of all natural resources in Slovakia, in particular of mineral resources.

31.

Growth of production and the raising of the material and cultural level of the people under the Five-Year Plan shall be secured,

1. *in industry:*

a) by stepping up production so that its gross value in 1953 will exceed that of 1948 by 75 per cent,
b) by creating approximately 90,000 new opportunities for work;

2. *in agriculture:*

a) by so stepping up total output that its gross value in 1953 will reach 27.4 milliard Kčs, that is an increase of 37 per cent over 1948,
b) by so stepping up livestock production that its gross value in 1953 will exceed the gross value thereof in 1948 by 98 per cent, and the share of animal production in the total agricultural production shall be raised by 42 per cent,
c) by the rationalisation of agricultural production, increasing mechanisation and the productivity of land and the utility of domestic cattle, the unification of scattered holdings, the determination of the boundaries of pastures and forests, the introduction of effective cultivation on land given over to pasture and the afforestation of land unsuitable for cultivation;

3. *in building:*

a) by so stepping up production that the gross value thereof in 1953 will reach 15 milliard Kčs,
b) by increasing the labour force by an additional 35,000 workers;

4. *in housing and in the social, health and cultural services:*

a) by increasing the housing area through new construction or adaptation by 3.39 million square metres,

b) by accommodating an additional 14,500 persons in youth hostels, the establishment of crêches with an additional 2,650 beds, seasonal children's hostels to cater for an additional 5,000 children, and school canteens to cater for 70,000 children,

c) by the enlargement of hospitals by an additional 3,400 beds, of special institutes of treatment by an additional 500 beds, the establishment of an additional 420 beds in infant institutions, the erection of 5 calmettisation centres with 250 additional beds, the establishment of an institution for the treatment and cure of infantile paralysis with a capacity of 100 beds, the creation of 36 health centres and 86 branches of the National Health Institute,

d) by an increase in the number of classrooms by 2,080; in university education chiefly by the development and completion of technical universities at Bratislava and Košice, of a medical faculty at Košice, of new institutes attached to the medical faculty at Bratislava and of a school of music at Bratislava.

32.

(1) To safeguard the fulfilment of production targets and of the conversion of the economic and social structure there shall be invested over the period of the Five-Year Plan a total sum of 96.2 milliard Kčs, that is 28.6 per cent of the total national investment.

(2) The total sum of 96.2 milliard Kčs shall be itemised as follows:

a) industry 30.9 milliard Kčs, or 23.4 per cent of the national investment in this sector;

b) agriculture 9.8 milliard Kčs, or 36.5 per cent of the national investment in this sector;

c) building 1.6 milliard Kčs, or 34.8 per cent of the national investment in this sector;

d) transport 13.9 milliard Kčs, or 26.3 per cent of the national investment in this sector;

e) housing reconstruction 13.7 milliard Kčs, or 34.9 per cent of the national investment in this sector;

f) commerce and tourist traffic, social and health services, National Insurance and cultural services 10.9 milliard Kčs, or 32.5 per cent of the national investment in this sector;

g) roads and bridges, hydro-technical installations, public building projects and other investments of the public administration 15.3 milliard Kčs, or 32.4 per cent of the national investment in this sector.

33.

The provisions of section 29, relating to regional economic development, shall be understood to apply equally to the economic development of Slovakia (sections 30 to 32).

PART VI

REALISATION OF THE FIVE-YEAR PLAN

DIVISION I

Operative Plans

34.

(1) For the purpose of realising the Five-Year Plan the Government shall draw up annual, or, as the case may be, quarterly operative plans, wherein the tasks allotted for the said period shall be set out.

(2) The carrying out of the tasks set out in parts II to V shall be ensured by means of the operative plans so that all sectors of the economy progress, with a view towards the Five-Year Plan, in mutual harmony, and so that the implementation of the Five-Year Plan may be adapted to altered circumstances. In the drawing-up of the operative plans, particular attention shall be paid to all possible sources of new reserves of labour and the recruitment thereof, and thus to the possibility of exceeding the targets prescribed under the Five-Year Plan.

(3) The Government shall, with a view towards the provisions of sections 21 to 33, take all further steps necessary for the realisation of the tasks prescribed by the operative plans.

DIVISION II

Implementation of the Operative Plans

35.

Functions of the Prime Minister

The Prime Minister shall arrange to obtain a systematic and continuous survey of the implementation of the Five-Year Plan and shall balance and harmonise the administrative and economic measures taken by the central authorities towards the carrying into effect thereof.

36.

Tasks of the Central Authorities

It shall be the duty of the central authorities to subordinate to the Five-Year Plan such aspects of their activity as affect its implementation. For the purpose of ensuring the implementation of the Five-Year Plan, the central authorities or the authorities (organs) authorised by them, shall within their respective spheres of competence, allot the tasks prescribed by the operative plans, insofar as the Government does not prescribe otherwise. The central authorities shall within their spheres of competence take steps to ensure that in accordance with the relevant provisions all measures required towards the successful implementation of the operative plans be taken.

37.

Tasks of the National Committees

(1) The national committees shall participate in the drawing-up of the operative plans (section 34). It shall further be the duty of the national committees to participate in the implementation of the Five-Year Plan and within the framework thereof to plan, carry into effect and supervise economic, social and cultural development within their territories. The national committees shall in the operation of this function be subject to the instructions and directives of the superior national committees and other authorities.

(2) There shall be established and attached to the Regional or, as the case may be, the District National Committees, organs of the regional planning service (section 28, subsection 3), which latter shall in the preparation of regional plans rely on the direct participation and initiative of the working population and of the national committees.

(3) The structure and tasks of the organs of the regional planning service shall be prescribed by way of Government Order.

38.

Tasks of the Citizens and of the People's Associations

(1) The fulfilment of the tasks set by the Five-Year Plan shall be the civic and honourable duty of every individual, for the realisation of the Plan and thus the general progress of the economic strength of the State and of the standard of living of each citizen are conditional upon the proper

and honest carrying out of the work. It shall therefore be the duty of every one who is allotted any task soever in the implementation and realisation of the Five-Year Plan, to carry out that said task conscientiously and economically to the limit of his personal and economic capacities. Persons and bodies corporate shall be liable to adapt their economic activity to the Five-Year Plan.

(2) The united trade union organisation shall participate in the preparation, implementation and supervision of the Five-Year Plan. Details shall be regulated by Government Order.

(3) The farmers' unions and the branches thereof, the Central Cooperative Council, and all other people's associations of wide popular scope shall within their respective spheres of competence endeavour to increase the efforts devoted to the implementation of the Five-Year Plan and shall endeavour to ensure that ever greater economy is practised in the implementation of the tasks set by the Five-Year Plan.

DIVISION III

Supervision of the Implementation of the Five-Year Plan

39.

Functions of the National Assembly

The National Assembly shall pay constant attention to the implementation and realisation of the Five-Year Plan through a committee set up for the supervision of the Five-Year Plan, in particular on the basis of reports rendered to the said committee by the Government as a rule once in each quarter year, or at any time the said committee so requests.

40.

Local Control

The public administration and the national enterprises shall supervise the implementation of the Five-Year Plan on the part of subordinate bodies and shall without delay take steps to remove such defects as may arise.

PART VII

OPERATIVE REGULATIONS

41.

Operative Orders

(1) The Government may, where a substantial change occurs in the premises upon which the preparation of the Five-Year Plan was based, or where necessary for other compelling reasons, re-define the tasks allotted under the Five-Year Plan by way of Orders.

(2) The Government may by way of Order regulate the implementation of the Five-Year Plan. It may in particular issue orders whereby

a) essential raw materials, ancillary materials, power, semi-finished products, machinery and other equipment and consumer goods are procured,

b) the supply of manpower and legal matters connected therewith are regulated,

c) terms of production (output, processing), supply and delivery, consumption and competition are prescribed, and production, supply and delivery, and warehousing liabilities are regulated,

d) the full utilisation of economic facilities and reserves in production, transport and the circulation of commodities, and the distribution of power, are secured,

e) increased productivity, economy and improvements of the quality of products are ensured,

f) the premises upon which the implementation of the plan of foreign trade is based, are ensured,

g) the necessary conditions for the realisation of the Plan in building construction are given,

h) a survey of the premises affecting the progress of the Five-Year Plan, and the course of the implementation of the Plan, is obtained,

i) the principles of the distribution of production and investment tasks within the framework of regional planning are set out,

j) the allotment of tasks among individual enterprises, or, as the case may be, persons, is regulated.

(3) Government Orders under subsection 2 of this section may delegate detailed provision to the general administrative regulations of Ministries, national committees, as well as of other authorities.

(4) Individual Ministers may issue regulations by way of Order for the implementation of the Five-Year Plan, provided that the said Orders regulate matters set out in subsection 2, paragraphs a) to j) of this section.

(5) Economic measures of a general nature such as the central authorities are empowered to take under other legal powers, shall, insofar as they affect the preparation or implementation of the Five-Year Plan, only be taken in concurrence with the Prime Minister.

42.

Powers of the Government

(1) The Government is hereby empowered during the period ending on December 31, 1953 to take by way of Orders measures necessary for the realisation of the tasks

prescribed by the Five-Year Plan, including such measures as would otherwise require enactment. Such measures shall be countersigned by the President of the Republic and shall require his concurrence.

(2) The power conferred under subsection 1 of this section shall not relate to:

a) the regulation of Constitutional matters,
b) the adoption of the State Budget, the negotiation of loans and the regulation of the State debt,
c) the regulation of taxes, customs duties, dues and other public levies within the sphere of the State finance administration, or to the regulation of the State financial monopolies,
d) the regulation of currency matters.

(3) The Government shall be liable to place Orders issued under subsection 1 of this section before the National Assembly within one month after the date of publication. Where the National Assembly in a ballot taken by roll-call rejects the said Order by an absolute majority of votes, the said Order shall cease to be valid on the thirtieth day after the date of the decision, save where the National Assembly prescribes a different period. The Prime Minister shall in this event make known without delay in the Collection of Acts and Orders that the said Order has ceased to be valid, and the date on which it ceased to be valid.

43.

The provisions of section 41, subsections 2 to 5, shall be deemed to apply, where appropriate, also to measures whereby premises are to be created for the preparation and implementation of the economic plan succeeding the Five-Year Plan.

PART VIII

GENERAL AND FINAL PROVISIONS

DIVISION I

General Provisions

44.

Central Planning Commission

The Central Planning Commission (section 7 of the Decree of the President of the Republic, No. 63 Sb.,* relating to the Economic Council, dated August 25, 1945) shall during the implementation of the Five-Year Plan

a) be an advisory organ of the Prime Minister and of the Government in the realisation of all tasks under this Act, in particular in the preparation of operative plans (section 34) and Government Orders (sections 41 and 42), as well as in matters relating to prices,

b) exercise the competence of the State Statistical Council under the Act No. 49, Sb., relating to the organisation of the statistical service, dated January 28, 1919, and under the Government Order, No. 634 Sb., relating to the composition, competence and manner of proceedings of the State Statistical Council (the State Statistical Council Statute), dated November 28, 1919.

45.

Directives

The general secretariat of the Economic Council shall by way of binding directives regulate the progress of planning operations, as well as the scope and the manner of the implementation thereof.

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* *Sb.:* Sborník zákonů a nařízení republiky Československé = Collection of Acts and Orders of the Czechoslovak Republic.

46.

Permanent Planning Prices

The data expressed in money values in this Act shall be understood to be expressed in prices current on January 1, 1948 (permanent planning prices).

47.

Uniform Economic Year

For the purpose of implementing the Five-Year Plan, to meet the requirements of the economic statistical service and to meet the requirements of works accounting, a uniform economic year shall be introduced. The beginning and end of the uniform economic year, the division into periods thereof, and the industries and industrial sectors to which it shall be applicable, shall be prescribed by Government Order. At the same time, the Government may adapt the regulations relating to time-limits.

DIVISION II

Final Provisions

48.

Until such time as the Regional National Committees shall begin to function and take their part in economic planning, the competence conferred upon them under this Act shall be exercised by the regional organs of the planning service, the headquarters, composition and areas of activity whereof shall be prescribed by Government Order.

49.

Operation and Implementation

This Act shall be operative as from the day of publication; it shall be administered by all members of the Government.

(signed) *Gottwald*
Dr. John
Zápotocký

(signed) *Široký*
also on behalf
of the Minister
Dr. Clementis
Fierlinger
Dr. Ševčík
also on behalf
of the Minister
Dr. Šrobár
arm. gen. *Svoboda*
Dr. Gregor
Nosek
Dr. Dolanský
Dr. Nejedlý

(signed) *Dr. Čepička*
Kopecký
Kliment
Ďuriš
Krajčír
Petr
Dr. Ing. Šlechta
Dr. Neuman
Erban
Plojhar
Ing. Jankovcová

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CONVERSION TABLE
WEIGHTS AND MEASURES

1 Centimetre (cm) — 0.393 in.
1 Metre (m) — 39.37 ins. — 1.09 yds.
1 Kilometre (km) — 0.62 mile.
1 Squ. Cm. — 0.155 squ. in.
1 Squ. M. (Centiare) — 1.196 squ. yds.
1 Hectare (ha) — 100 Squ. Ms. — 2.471 acres.
1 Squ. Km. — 247.1 acres.
1 Cub. M.* — 114.28 cub. ft.

◆

1 Kilogramme (kg) — 2.2 lbs.
1 Metric Cent. (q) — 100 Kgs. — 220 lbs.
1 Metric Ton (t)** — 1,000 Kgs. — 2,204.6 lbs.
1 Litre (l) — 0.22 gal. — 0.35 cub. ft.
1 Hectolitre (hl) — 100 Lit. — 22 gals.

◆

1 £ sterling — 200 Kčs approx.
1 US $ — 50 Kčs approx.

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* In the timber trade, the term "Full Metre" *(plm)* is used to denote a volume of 1 Cub. M. filled with lengths of timber of standard size (i. e. - 7 cm. across the smaller ends). -

** In agriculture &c., the term "freight car" *(vagon)*, = 10 Metric Tons, is frequently used.—Tr.

THE FIRST CZECHOSLOVAK
ECONOMIC FIVE-YEAR PLAN
ACT AND GOVERNMENT MEMORANDUM

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